This Texas Endorsement Manual is prepared exclusively for the use of employees of licensed title insurance agents and direct operations writing policies on underwriters that are part of the Fidelity National Title Group, Inc. family of title insurance companies. In Texas, those underwriters are: Alamo Title Insurance, Chicago Title Insurance Company, Commonwealth Land Title Insurance Company, and Fidelity National Title Insurance Company.

Updated February 2012
CONFIDENTIALITY OF MANUAL

All materials contained in the Fidelity National Title Group- Texas Endorsement Manual (hereinafter “Manual”) are confidential and privileged communications from the Fidelity National Title Group, Inc. family of underwriters (hereinafter “Company”) to you. Under no circumstances are the instructions or any other part of the Manual to be given to anyone who is not an employee or agent of the Company.

USE AND PURPOSE OF THIS MANUAL

This Manual is designed to assist in determination of the types of endorsements available in Texas and when an endorsement may be offered. The endorsements referenced in this Manual all have corresponding promulgated endorsement forms that must be used. In Texas, only endorsements and premium charges, if any, which have been promulgated by the Texas Department of Insurance may be issued and collected. These forms have been preprinted for the various brands and can be found on our website at: http://www.fntgswagency.com/EndorsementForms.aspx

The underwriting guidelines set forth in this Manual represent the Company’s minimum underwriting requirements associated with each endorsement considering the rules, regulations and laws in effect as of the date of this Manual. In addition to the guidelines contained in this Manual, you must adhere to the Company’s most current underwriting policies and procedures, as well as applicable laws, rules and regulations. The use of the Manual does not absolve your responsibility to obtain Overlimits Policy Authorization. Where Company policy or guidelines contained herein require approval from Regional Underwriting, such approval must be obtained and kept in the transaction file. Finally, the Company reserves the right to refuse issuance of a policy or endorsement despite adherence to the underwriting guidelines contained herein. If you have any questions, do not hesitate to call Regional Underwriting at 800-303-4303 OR 800-292-5320.

Contents of this Manual

This Manual contains the following sections (go to TABLE OF CONTENTS):

- Introduction- the Texas Title Insurance Basic Manual
- Important Definitions
- Title Insurance Policies in Texas- a summary
- Quick Reference Table/Chart of Texas Title Insurance Endorsements
- Texas Title Insurance Endorsements- for each endorsement you will find
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  b. The policy to which the endorsement may be attached.
  c. Procedural Rule governing the issuance of the endorsement.
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  a. Chart- Endorsement Availability by Policy Type
  b. Issuing Policies Before and After Construction, generally
  c. Express Insurance, generally
  d. Specimen/sample forms for use with i) Home Equity Loan Transactions; and ii) Leasehold Policies

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1 Pursuant to §2551.003 of the Texas Insurance Code, the Commissioner of the Texas Department of Insurance (“TDI”) is authorized to adopt the rules and regulations for title insurance in the State of Texas. Such rules and regulations promulgated by TDI are found in The Texas Title Insurance Basic Manual (“Basic Manual”).
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INTRODUCTION

The *Texas Title Insurance Basic Manual* ("Basic Manual") contains the rates, rules and forms promulgated by the Texas Department of Insurance ("TDI") for the business of title insurance in Texas. The promulgated forms can only be issued or altered if provided for in the rules. In this Manual, for each endorsement available in Texas, you will find the applicable Procedural and Rate Rule from the *Texas Title Insurance Basic Manual* ("Basic Manual"). However, this Manual should not be a substitute for your use and reference of the Basic Manual, but is intended to work with the Basic Manual. Keeping that in mind, a working knowledge of the Basic Manual is imperative for understanding the various references made herein to the Rates, Rules and Forms contained in the Basic Manual.

The Basic Manual contains the following sections:

- Section I: Title 11 of the Texas Insurance Code
- Section II: Insuring Forms and Endorsement Instructions
  - Note: Policy and Endorsement forms are titled as “T” with hyphen and a number. For example: “T-43”
- Section III: Rate Rules
  - Note: A Rate Rule is titled as “R” with hyphen and the rule number. For example: “R-1”
- Section IV: Procedural Rules
  - Note: A Procedural Rule is titled as “P” with hyphen and the rule number. For example: “P-1”
- Section V: Exhibits and Forms
  - Generally, escrow and audit forms
- Section VI: Administrative Rules
- Section VII: Claims
- Appendix: Contains the Commissioner and TDI Department Bulletins which provide rule interpretation, guidance, and disciplinary action and the Texas Title Insurance Statistical Plan.

The Basic Manual can be viewed on TDI’s webpage: [http://www.tdi.state.tx.us/title/titleman.html](http://www.tdi.state.tx.us/title/titleman.html)

A hard-copy, binder version of the Basic Manual may be purchased online, from the Texas Land Title Association ("TLTA"): [http://www.tlta.com](http://www.tlta.com) or by contacting TLTA at: 512.472.6593. If utilizing a hard-copy Basic Manual, it is vital to update the hard-copy with each rule, rate and form change and Bulletin issuance.

IMPORTANT DEFINITIONS

As you utilize this Manual, you should keep in mind important definitions of key terms found in the Basic Manual and used throughout this Manual:

**Procedural Rule P-1. Definitions**

1. **Residential Real Property** - Procedural Rule P-1(u) defines “Residential real property” as follows:

   “(1) Any real property which has improvements thereon designed principally for the occupancy of from one to four families (including individual units of condominiums and cooperatives) and either (a) situated in a platted subdivision of record, or (b) consisting of five acres or less, or (2) Any real property which has improvements thereon designed principally for the occupancy of from one to four families and consisting of more than five acres but not more than 200 acres used for agricultural production by individual insureds..."
(according to the information known by the Company at the time of issuance of the policy of title insurance)."

Note: The procedural rules governing the issuance of title insurance policies and endorsements often limit the use of a policy or endorsement to land that is "residential real property" or, land that is "not residential real property". Therefore, it is important to understand this definition.

2. Loan Policy – Procedural Rule P-1(ee) provides that any rule referring to Loan Policy or Loan Title Policy or T-2 shall apply to both the T-2 and T-2R forms unless the Rule specifically refers to the Texas Short Form Residential Mortgagee Policy (Form T-2R) or otherwise limits the application to property that is not Residential Real Property. Further, whenever a rule or form uses the term Mortgagee Policy, it shall mean Loan Policy as defined in P-1(ee).

3. Owner's Policy – Procedural Rule P-1(bb) provides that any rule referring to the Owner's Policy shall apply to both Policy of Title Insurance (Form T-1) or the Residential Owner Policy of Title Insurance - One-To-Four Family Residences (Form T-1R) unless the Rule refers to the specific form number or unless the rule limits its application to property that is not Residential Real Property. Unless a rule expressly requires the use of the T-1, you may use the T-1R as long as the transaction qualifies for such.

4. Basic Premium Rate- In calculating an endorsement premium, the definition of Basic Rate and Basic Premium Rate ("BPR") is helpful:

(a) P-23 indicates that for the sum of the underwriter and agent portions of the premium, the terms "Basic Premium" and "Basic Rate" or "Basic Premium Rate" referenced in any rule has the same meaning as the "Schedule Premium of Basic Rates".

(b) However, while the terms Basic Rate and Basic Premium Rate are often used interchangeably, the meaning is different in determination of premium:

- **Basic Rate**: As a general rule the term Basic Rate will refer to the premium for the policy prior to adding the charge for any endorsement or optional coverage, and prior to any credits or rebates.

- **Basic Premium (or Basic Premium Rate or Schedule of Basic Premium Rates)**: As a general rule the term Basic Premium Rate means the minimum charge for a policy issuance. As of the effective date of this Manual, $229.00 is the current Basic Premium.

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**TEXAS TITLE INSURANCE POLICIES IN TEXAS**

An endorsement modifies the excluded matters under a title insurance policy so as to provide additional coverage to the insured. To understand what endorsements can be issued and when, it is fundamental to be familiar with the types of title insurance policies available in Texas. Below is a brief summary of the most common types of policies issued, including the title commitment and interim construction binder products.

**Commitment for Title Insurance (Form T-7)**- A commitment for Title Insurance (T-7) is an offer to issue a title insurance policy subject to the stated exceptions, requirements, and terms. Procedural Rule P-18 provides that a title commitment may only be issued when the title company has a bona fide order for issuance of a title insurance policy. A commitment is effective for 90 days from its effective date or when a title insurance policy is issued, whichever occurs first. No premium may be collected for issuance of the T-7 and no endorsement is available for issuance with a T-7 commitment. Endorsements are limited to issuance with a title insurance policy or binder. See P-1(cc); P-18 & R12
NOTE: See P-14 and P-15 if you are asked to issue a title commitment to the Texas Department of Insurance or for the benefit of the FDIC or Office of Thrift Supervision.

Mortgagee Title Policy Binder on Interim Construction Loan (Form T-13)- A Mortgagee Title Policy Binder on Interim Construction Loan ("ICB") is used with respect to interim construction Loans, in which it is contemplated in good faith that the title company will be asked to issue a Loan Policy for the permanent Loan. An ICB is effective for one (1) year and may be extended six (6) times for six (6) month periods. The ICB can only be used when the lot owner and the construction original contractor are the same (i.e., identical name) person or entity, and when no Mechanic’s Lien Contract is necessary (i.e., the property will not constitute the homestead of the owner). The ICB cannot be issued on vacant lots or tracts, except in connection with immediate construction on such vacant land and when the loan includes construction costs. See P-16 & R-13A

An ICB is not a policy. The T-13 is listing of the exclusions, exceptions, and requirements of the interim construction under which the Loan Policy is anticipated to be issued. Note the language in the ICB jacket which states:

The Company commits to issue a Mortgagee Policy of Insurance to the Proposed Insured as of the Date and Time and in the Amount shown on Schedule A hereof.

The Company’s liability hereunder shall be determined by Exclusions from Coverage, and the terms, conditions and stipulations of the Mortgage Policy referred to above; provided that the Company shall have no liability unless and until payment is made of the applicable premium for the above referred to Mortgage Policy.

There are limited endorsements available for attachment to the ICB. See Appendix, Endorsements by Policy Type for a chart of endorsements available with the ICB.

Residential Owner Policy of Title Insurance (Form T-1R)- Pursuant to Procedural Rule P-38, a T-1R can only be issued if the property is “Residential real property” (per P-1.u.) and the Insured is a natural person or natural persons as of the date of the policy. P-1.u defines “Residential real property” as being: improvements designed principally for the occupancy of from one to four families (“1-4 Family”), including individual condominium or cooperative unit, and:

(a) is located in a subdivision; or
(b) consists of five (5) or less acres; or
(c) consists of more than five (5) acres but not more than 200 acres used for agricultural production by individual insureds.

See P-1.u., P-38 & R-3
See Appendix, Endorsements by Policy Type for a chart of endorsements available with the Owner Policy (T-1R).

A T-1R may be issued for vacant, unimproved land if the policy includes the cost of immediately contemplated improvements in accordance with P-8.a. See Appendix, Issuing Policies Before & After Construction.

Owner Policy of Title Insurance (Form T-1)- A T-1 Owner Policy of Title Insurance (“OTP”) is to be issued when a T-1R cannot be issued -- when the property does not fall within the definition of P-1.u. “Residential real property” (per P-1u) and/or the Insured does not comply with P-38 as set out above.

It is important to note that in the Basic Manual and as used herein, the use of the term “Owner’s Policy” refers to both T-1 and T-1R. Only when the policy number is used, is a rule or form limited to only the indicated policy number. See P-1.bb & R-3. See also, R-5, R-10, R-20, R-21 & R-22.

See Appendix, Endorsements by Policy Type for a chart of endorsements available with the Owner Policy (T-1).
An OTP can be issued to cover the land and the cost of immediately contemplated improvements in accordance with P-8.b. See Appendix, Issuing Policies Before & After Construction.

**Loan Policy of Title Insurance (Form T-2)-** A T-2 Loan Policy is used to insure the Insured Lender’s real property lien according to the terms, exclusions and exceptions of the policy. The T-2 Loan Policy can be used in both residential and non-residential transactions. See P-1.ee. & R-4; See also R-5, R-6, R-7, R-8 & R-18.

Endorsements applicable to the T-2 can either be incorporated by reference via the check-boxes or attached to the policy. While either method is acceptable, the Company prefers the endorsements be attached and not referenced via check-box. If the endorsements are attached, section 6 should read as follows: **None. Any issued endorsements are attached.** See Appendix, Endorsements by Policy Type for a chart of endorsements available with the Loan Policy (T-2).

A Loan Policy can be issued to cover the land and the cost of immediately contemplated improvements as long as the policy contains P-8 exception (P-19). See Appendix, Issuing Policies Before & After Construction.

**Texas Short Form Residential Loan Policy (Form T-2R)-** The T-2R (“Residential Short Form”) can be issued solely for insuring a Lender’s lien secured by property that is Residential Real Property as defined in P-1.u. Further, in order to issue the T-2R, the interest to be insured must be fee simple and a survey meeting the requirements set out in P-2 is required and the Company’s underwriting requirements. Endorsements applicable to the T-2R must be incorporated by reference via the check-boxes. While use of the Residential Short Form has been prevalent in ALTA states, use of the T-2R by lenders has not been wide-spread in Texas. Absent a Lender specifically requesting a T-2R, you should issue the T-2 Loan Policy. See P-51 & R-4

See Appendix, Endorsements by Policy Type for a chart of endorsements available with the Loan Policy (T-2R).

**Policy of Title Insurance-USA (Form T-11)-** Use of the T-11 (“USA Policy”) is limited to when the Insured is an agency of the United States of America or the U.S. Postal Service. The T-11 policy is intended to be issued to the USA before the USA acquires an estate or interest in the property. The T-12 is the only endorsement available for this policy. See P-17, R-17, R-3 & Form T-11 (Instructions therein).

**Certificate of Title (USA)(T-6) and Certificate of Title for Easements (USA)(T-9)-** These forms provide coverage to the USA by certifying that a title search was performed, how title is vested and that there are no encumbrances, defects, or other interests impairing or adversely affecting title other than as shown on Schedule B. Similar to the T-11, the T-6 and T-9 may be issued to the USA prior to a contemplated land acquisition, with a final Certificate being issued upon its acquisition. See P-17, R-17 & R-3.

**Limited Pre-Foreclosure Policy (Form T-98)-** The T-98 is a policy limited in scope of coverages afforded in that the Insured Lender is only protected from loss related to foreclosure in which the title company failed to discover or disclose an instrument of record which may negatively impact the Insured Lender’s foreclosure. The T-98 can only be issued to a Lender already named as Insured in a T-2 Loan Policy. Further, the mortgage loan must be in default at time the T-98 is issued. A T-7 commitment cannot be issued in conjunction with issuance of a T-98. See P-43 & R-26

**Residential Limited Coverage Junior Mortgagee Policy (Form T-44)-** The T-44 Residential Limited Coverage Junior Mortgagee Policy (“RLJLP”) is used to provide limited coverage to lenders on second residential mortgages, whether fixed term or open ended lines of credit. The extension of credit to be secured by the policy may not exceed $100,000.00. There are limited endorsements that may be issued to the RLJLP. See P-46 & R-27

**Pro-Forma policy -** A Pro-Forma is a proposed policy that is only available upon request by the proposed insured and in transactions where the liability of the policy will be $500,000 or more. The Pro-Forma provides
the insured with a sample policy in the form that Title Company anticipates being able to issue. Procedural Rule P-52 requires that each page of the Pro Forma state:

‘This is a Pro Forma Policy furnished to or on behalf of the party proposed to be insured for discussion only. It does not reflect the present status of title and is not a commitment to insure the estate or interest as shown herein, nor does it evidence the willingness to the Company to provide any coverage shown herein. Any such commitment must be an express written undertaking issued on the appropriate forms of the Company.’

If a Pro Forma policy is provided, any endorsements anticipated to be issued can also be provided as Pro Forma. All Pro Forma endorsements must also contain the above noted statement. See P-52

**Texas Limited Coverage Residential Chain of Title (Form T-53)** - This Texas Limited Coverage Residential Chain of Title Policy is available only for residential property, and to institutional lenders, mortgage bankers, and certain insurers as defined by the Texas Finance and Texas Insurance Codes. This policy provides the insured with a chain of title covering the 5 years preceding the date of the policy. No endorsements may be issued with this policy. See P-71 & R-35
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<th>RULE</th>
<th>STAT. CODE</th>
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<td>OP or LP</td>
<td>$100</td>
<td>R-30 P-54</td>
<td>0890</td>
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<td>Additional Insured (T-26)</td>
<td>Names a person or entity as an additional insured under the policy, but only in accordance with P-57</td>
<td>OP</td>
<td>10% of the BPR (Min. $25)</td>
<td>R-33 P-57</td>
<td>0893</td>
</tr>
<tr>
<td>Aggregation Endorsement (T-16)</td>
<td>&quot;Ties&quot; together multiple MPs that secure the same indebtedness so that the amount of coverage under a specific LP is the aggregate policy amounts of all MPs</td>
<td>LP</td>
<td>$25</td>
<td>R-11j P-9b(13)</td>
<td>0883</td>
</tr>
<tr>
<td>Area &amp; Boundary Amendment- &quot;Survey Coverage&quot; (T-3)</td>
<td>Amends the standard survey exception in an OP or LP to read in its entirety: &quot;Shortages in area.&quot;</td>
<td>OP, ROP, LP</td>
<td>5% of the BPR for (ROP) 15% of the BPR (Non Residential OP) No Charge- LP</td>
<td>R-16; P-2; P-8a(2) ROP R-16; P-2; P-8a(2) OP No Charge- LP</td>
<td>0500 (OP; ROP)</td>
</tr>
<tr>
<td>Assignment Of Lien (T-3)</td>
<td>Extends the effective date of the LP and insures the insured lien has been transferred to a named assignee</td>
<td>LP</td>
<td>$229</td>
<td>R-11a P-9b(1) P-9b(2) Endorsement Instruct. III</td>
<td>0211</td>
</tr>
<tr>
<td>Assignment Of Rents/Leases (T-27)</td>
<td>Provides the insured lender with coverage against loss or damage by reason of: (i) the failure of the rents and leases instrument identified in the endorsement to be properly executed and filed of record; and (ii) the existence of any prior assignments of rents and leases, other than as shown in Schedule B.</td>
<td>LP</td>
<td>No charge</td>
<td>R-34 P-60</td>
<td>0894</td>
</tr>
<tr>
<td>Balloon Mortgage (T-39)</td>
<td>Insured lien is not invalid, unenforceable, and no loss of priority due to provisions providing for a balloon payment</td>
<td>LP</td>
<td>$25 (w/policy) $50 (post policy)</td>
<td>R-11h P-9b(10)</td>
<td>0411 (w/ policy) 0412 (post policy)</td>
</tr>
</tbody>
</table>

BPR- Basic Premium Rate  
LPFP- Limited Pre-Foreclosure Policy (T-98)  
ROP- Residential Owner’s Policy (T-1R)  
CR’s- Covenants, Conditions, Restrictions  
ICB- Mortgagee Title Policy On Interim Construction Binder (T-13)  
OP- Owner’s Policy (T-1)  
USAOP- Policy Of Title Insurance (USA)(T-11)
<table>
<thead>
<tr>
<th>ENDORSEMENT</th>
<th>DESCRIPTION OF COVERAGE</th>
<th>POLICY</th>
<th>PREMIUM</th>
<th>RULE</th>
<th>STAT. CODE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completion Of Improvements-</td>
<td>A final down date endorsement to an LP issued upon the completion of improvements</td>
<td>LP</td>
<td>No charge</td>
<td>P-8b(2)</td>
<td>None</td>
</tr>
<tr>
<td>LP (T-3)</td>
<td></td>
<td></td>
<td></td>
<td>P-19 Endorsement Instr. II</td>
<td></td>
</tr>
<tr>
<td>Completion Of Improvements-</td>
<td>A final down date endorsement to an OP issued upon the completion of improvements</td>
<td>OP</td>
<td>No charge</td>
<td>P-8a (2)</td>
<td>0550 (survey amend.)</td>
</tr>
<tr>
<td>OP (T-3)</td>
<td></td>
<td></td>
<td></td>
<td>None (w/o survey amend.)</td>
<td>0889 w/ T.19.1</td>
</tr>
<tr>
<td>Co-Insurance (T-48)</td>
<td>Issued when a single risk in an amount that exceeds $15 million is insured by more than one underwriter, in lieu of separate policies. The endorsement identifies all co-insurers and their proportional amount of the aggregate risk.</td>
<td>OP or LP</td>
<td>No charge</td>
<td>P-6(c)</td>
<td>0896</td>
</tr>
<tr>
<td>Contiguity (T-25)</td>
<td>Insures an identified boundary line of one insured tract of land is contiguous to the identified boundary line of another insured tract, and there are no gaps, strips, or gores between the tracts</td>
<td>OP or LP</td>
<td>$100</td>
<td>R-32 P-56</td>
<td>0892</td>
</tr>
<tr>
<td>* Non-Residential Only</td>
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<tr>
<td>Contiguity (T-25.1)</td>
<td>Insures there are no gaps, strips, or gores lying between the identified parcels of the insured land. Available when the insured land is composed of four or more parcels, or irregularly shaped parcels.</td>
<td>OP or LP</td>
<td>$100</td>
<td>R-32 P-56</td>
<td>0806</td>
</tr>
<tr>
<td>* Non-Residential Only</td>
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</tr>
<tr>
<td>Condominium (T-28)</td>
<td>Provides the insured lender with coverage against loss or damage by reason of: (i) the failure of the unit described in Schedule A to be part of the condominium regime in accordance with the state statute; (ii) the failure of title to the unit along with the common elements due to the failure of the condominium documents to comply with the state condominium statutes; (iii) present violations of CCRs and/or the reversion or forfeiture of title resulting therefrom; (iv) the priority of lien for assessments over the insured mortgage lien; (v) the failure of the insured unit to be assessed for real property taxes as a separate parcel; (vi) any obligation to remove any improvements due to present or future encroachments; and (vii) the failure of title by reason of a right of first refusal.</td>
<td>LP</td>
<td>No charge</td>
<td>R-11l P-9b(15)</td>
<td>0888</td>
</tr>
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<tr>
<td>Correction (T-3)</td>
<td>A blank endorsement form used to correct miscellaneous errors contained in an original policy, or used for endorsements that do not have a promulgated form</td>
<td>Any Policy</td>
<td>No Charge</td>
<td>See Section IV, Endorsement Instruct II</td>
<td>0400 (Misc. errors)</td>
</tr>
<tr>
<td>Down Date- Limited Pre-Foreclosure (T-99)</td>
<td>Down dates coverage under the LPFP</td>
<td>LPFP</td>
<td>$50</td>
<td>R-26D P-43 B</td>
<td>0850</td>
</tr>
<tr>
<td>Down Date- LP (T-3)</td>
<td>Extends the effective date and provides a title update to a LP</td>
<td>LP</td>
<td>$50</td>
<td>R-11c P-9b(4) Endorsement Instruct. V</td>
<td>0920</td>
</tr>
<tr>
<td>Down Date- ICB</td>
<td>Extends the effective date and provides a title update to a ICB</td>
<td>ICB</td>
<td>$50</td>
<td>R-11c P-9b(4) Endorsement Instruct. IV</td>
<td>0100</td>
</tr>
<tr>
<td>Down Date- OP (T-3)</td>
<td>Extends the effective date and provides a title update to an OP</td>
<td>OP</td>
<td>$50</td>
<td>R-15 P-9a(3) Endorsement Instruct. VIII</td>
<td>0940</td>
</tr>
<tr>
<td>Down Date- Residential Limited Coverage Junior LP (T-45)</td>
<td>Extends the effective date and provides a title update to a RLJMP</td>
<td>RLJMP</td>
<td>$50</td>
<td>R-27C P-46C P-46E</td>
<td>0879</td>
</tr>
<tr>
<td>Environmental Protection Lien (T-36)</td>
<td>Insured lien is not invalid, unenforceable, and no loss of priority due to recorded environmental liens</td>
<td>LP</td>
<td>$25</td>
<td>R-11g P-9b(9)</td>
<td>0810</td>
</tr>
<tr>
<td>First Loss (T-14)</td>
<td>* Non-Residential Only</td>
<td>LP</td>
<td>$25</td>
<td>R-11i P-9b(11)</td>
<td>0881</td>
</tr>
<tr>
<td>Future Advance/Revolving Credit (T-35)</td>
<td>Insured lien is not invalid, unenforceable, and no loss of priority due to provisions providing for a revolving line of credit, and subsequent advances are covered by the policy</td>
<td>LP</td>
<td>$50</td>
<td>R-11f P-9b(8)</td>
<td>0800</td>
</tr>
<tr>
<td>Home Equity- Equity Loan Mortgage (T-42)</td>
<td>Insured home equity lien is not invalid, unenforceable, and no loss of priority due to a lack of compliance with five specific constitutional requirements (with an optional sixth requirement)</td>
<td>LP</td>
<td>10% of the BPR</td>
<td>R-28A P-44</td>
<td>0875</td>
</tr>
<tr>
<td>ENDORESEMENT</td>
<td>DESCRIPTION OF COVERAGE</td>
<td>POLICY</td>
<td>PREMIUM</td>
<td>RULE</td>
<td>STAT. CODE</td>
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</tr>
<tr>
<td><strong>Supplemental Coverage Equity Loan Mortgage (T-42.1)</strong></td>
<td>Insured home equity lien is not invalid, unenforceable, and no loss of priority due to a lack of compliance with eleven specific or related constitutional requirements</td>
<td>LP</td>
<td>15% of the BPR</td>
<td>R-28B P-47</td>
<td>0876</td>
</tr>
<tr>
<td><strong>Increased Value (T-34)</strong></td>
<td>Increases the amount of coverage under an existing OP or ROP</td>
<td>OP; ROP</td>
<td>BPR less premium paid for prior policy with a minimum of $229</td>
<td>R-15a P-9a(2)</td>
<td>0960</td>
</tr>
<tr>
<td><strong>Interim Construction Binder-Extension</strong></td>
<td>Extends the effective date of a ICB</td>
<td>ICB</td>
<td>$25</td>
<td>R-13A P-16</td>
<td>8021</td>
</tr>
<tr>
<td><strong>Leasehold LP (T-5)</strong></td>
<td>Modifies the LP to add additional definitions, and clarify how items of loss and damages are calculated under a policy that insures a leasehold estate</td>
<td>LP</td>
<td>No Charge</td>
<td>P-9b(5)</td>
<td>0822</td>
</tr>
<tr>
<td><strong>Leasehold OP (T-4)</strong></td>
<td>Modifies the OP to add additional definitions, and clarify how items of loss and damages are calculated under a policy that insures a leasehold estate</td>
<td>OP</td>
<td>No Charge</td>
<td>P-9a(1)</td>
<td>0820</td>
</tr>
<tr>
<td><strong>Leasehold Residential OP (T-4R)</strong></td>
<td>Modifies the ROP to add additional definitions, and clarify how items of loss and damages are calculated under a policy that insures a leasehold estate</td>
<td>ROP</td>
<td>No Charge</td>
<td>P-9a(1)</td>
<td>0821</td>
</tr>
<tr>
<td><strong>Manufactured Housing (T-31)</strong></td>
<td>Insured land includes a manufactured housing unit</td>
<td>LP</td>
<td>$20</td>
<td>R-11e P-9b(7)</td>
<td>0150</td>
</tr>
<tr>
<td><strong>Manufactured Housing-Supplemental Coverage (T-31.1)</strong></td>
<td>Insured land includes a manufactured housing unit, and generally insures against loss if the manufactured housing unit does not constitute real property</td>
<td>OP; LP</td>
<td>$50</td>
<td>R-15c; P-9a(4) OP R-11e; P-9b(7) LP</td>
<td>0152 (OP) 0151 (LP)</td>
</tr>
<tr>
<td><strong>Mineral and Surface Damage (T-19.2)</strong></td>
<td>Coverage against damages to improvements (excluding lawns, shrubbery or trees) located on Land on or after Date of Policy, caused by mineral exploration and/or or development. This endorsement is only available if requested by the insured, and if the commitment/policy contains the mineral exception set out in Procedural Rule P-5.1.</td>
<td>OP; LP</td>
<td>$50- OTP No Charge-LP</td>
<td>P-50.1 R-29.1</td>
<td>0801 OP 0802 LP [*Land in category (i)] 0801 OP 0802 LP [**Land in category (ii)]</td>
</tr>
<tr>
<td>ENDORESEMENT</td>
<td>DESCRIPTION OF COVERAGE</td>
<td>POLICY</td>
<td>PREMIUM</td>
<td>RULE</td>
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</tr>
<tr>
<td><strong>Mineral and Surface Damage (T-19.3)</strong></td>
<td>Coverage against damages to permanent buildings (excluding lawns, shrubbery or trees) located on Land on or after Date of Policy, caused by mineral exploration and/ or development. This endorsement is only available if requested by the insured, and if the commitment/policy contains the mineral exception set out in Procedural Rule P-5.1.</td>
<td>OP; LP</td>
<td>$50-OP</td>
<td>P-50.1</td>
<td>0803 OP</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No Charge- LP</td>
<td>R-29.1</td>
<td>0804 LP</td>
</tr>
<tr>
<td><strong>Modification P-9b(3)- LP (T-38)</strong></td>
<td>Coverage under the LP has not been reduced or terminated by reason of the recording of a specifically identified mortgage modification instrument</td>
<td>LP</td>
<td>$100 + $10 for each 12 month period following the first anniversary of the policy</td>
<td>R-11b P-9b(3)</td>
<td>0311</td>
</tr>
<tr>
<td><strong>Non-Imputation (T-24)</strong></td>
<td>Provides an incoming partner, member, or shareholder acquiring an interest in an insured entity that the Company will not deny liability for loss or damage under the policy solely by reason of the knowledge of an exiting or contributing partner, member, or shareholder being imputed to the insured by operation of law</td>
<td>OP</td>
<td>5% of the BPR (Min. $25)</td>
<td>R-31 P-55</td>
<td>0891</td>
</tr>
<tr>
<td>*Non-Residential Only</td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>**Non-Imputation (Mezzanine Financing (T-24.1))</td>
<td>Endorsement to an OP that provides insurance to a lender whose loan is secured not by a lien against the land, but rather by some form of security against the beneficial interest of the business entity that owns the land.</td>
<td>OP</td>
<td>5% of the BPR (Min. $25)</td>
<td>R-31 P-55</td>
<td>0805</td>
</tr>
<tr>
<td>*Non-Residential Only</td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Planned Unit Development (T-17)</strong></td>
<td>Coverages related to: (i) violations of enforceable CCRs; (ii) priority of insured lien over a lien for assessments; (iii) encroachments; and (iv) rights of first refusal</td>
<td>LP</td>
<td>$25</td>
<td>R-11k P-9b(14)</td>
<td>0884 0887</td>
</tr>
<tr>
<td>*Residential Only</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Residential Limited Coverage Junior LP- Policy Additional Coverage (T-3)</strong></td>
<td>Provides the insured lender with additional coverages related to the RLJMP</td>
<td>RLJMP</td>
<td>$25</td>
<td>R-27B P-46B P-46E</td>
<td>0880</td>
</tr>
<tr>
<td>ENDORSEMENT</td>
<td>DESCRIPTION OF COVERAGE</td>
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<td>RULE</td>
<td>STAT. CODE</td>
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</tr>
<tr>
<td>Residential Limited Coverage Junior LP- Variable Rate (T-46)</td>
<td>Insured lien is not invalid, unenforceable, and no loss of priority due to provisions providing for a change in the rate of interest</td>
<td>RLJMP</td>
<td>$25</td>
<td>R-27D</td>
<td>P-46D</td>
</tr>
<tr>
<td>Restrictions, Encroachments, Minerals (T-19)</td>
<td>Comprehensive coverages related to: (i) violations of enforceable CCRs and building set back lines; (ii) CCRs creating easements, assessment liens, rights of first refusal; (iii) encroachments; and (iv) damages to improvements (including lawns, shrubbery and trees) located on the land on or after date of policy caused by mineral exploration and extraction</td>
<td>LP</td>
<td>Residential 5% of the BPR (Min. $50)</td>
<td>Non-residential 10% of the BPR (Min. $50)</td>
<td>R-29A (resi)</td>
</tr>
<tr>
<td>Restrictions, Encroachments, Minerals- Owner Policy (T-19.1)</td>
<td>Comprehensive coverages related to: (i) violations of enforceable CCRs and set back lines; (ii) CCRs creating easements, assessment liens, rights of first refusal, rights of reverter; (iii) encroachments; and (iv) damages to improvements (excluding lawns, shrubbery and trees) located on the land on or after date of policy caused by mineral exploration and extraction</td>
<td>OP</td>
<td>Non-residential 15% of BPR; 10% of BPR w/survey amendment (Min. $50)</td>
<td>Residential 10% of BPR; 5% of BPR w/survey amendment (Min. $50)</td>
<td>R-29C(resi)</td>
</tr>
<tr>
<td>Reverse Mortgage (T-43)</td>
<td>Insured reverse mortgage is not invalid, unenforceable, and no loss of priority due to a lack of compliance with four specific constitutional requirements</td>
<td>LP</td>
<td>No Charge</td>
<td>P-45</td>
<td>0877</td>
</tr>
<tr>
<td>Taxes- Deletion of Rollback Exception (T-30)</td>
<td>Amends the standard tax exception in a LP or ICB to provide coverage against agricultural roll back taxes by deleting the following phrase: &quot;and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership&quot;.</td>
<td>LP; ICB</td>
<td>$20</td>
<td>R-19</td>
<td>P-20</td>
</tr>
<tr>
<td>Taxes- “Not Yet Due And Payable” (T-3)</td>
<td>Amends the standard tax exception in a LP or ICB to provide coverage that taxes for a specified tax year are &quot;not yet due and payable&quot;.</td>
<td>LP; ICB</td>
<td>$5</td>
<td>R-24</td>
<td>P-20</td>
</tr>
<tr>
<td>ENDORSEMENT</td>
<td>DESCRIPTION OF COVERAGE</td>
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</tr>
<tr>
<td>USA (T-12)</td>
<td>Extends the effective date and provides a title update to the USAOP</td>
<td>USAOP</td>
<td>BPR less premium paid for prior USAOP</td>
<td>R-17</td>
<td>0600</td>
</tr>
<tr>
<td>Variable Rate Mortgage (T-33)</td>
<td>The Company will not claim that its liability for the payment of a loss has been waived, surrendered, or been reduced, and no loss of priority due to provisions providing for a change in the rate of interest</td>
<td>LP</td>
<td>$20 Or BPR on amt. up to 125% of loan amount</td>
<td>R-4 or R-11d P-9b(6)</td>
<td>0140</td>
</tr>
<tr>
<td>Variable Rate Mortgage – Negative Amortization (T-33.1)</td>
<td>The Company will not claim that its liability for the payment of a loss has been waived, surrendered, or been reduced, and no loss of priority due to provisions providing for a change in the rate of interest and/or provisions providing for negative amortization</td>
<td>LP</td>
<td>$20 Or BPR on amt. up to 125% of loan amount</td>
<td>R-4 or R-11d P-9b(6)</td>
<td>0142</td>
</tr>
</tbody>
</table>

(if no premium b/c up to 125% loan amt. coverage)
NOTE: CLICKING ON THE ENDORSEMENT TITLE IN EACH SECTION WILL TAKE YOU BACK TO THE TABLE OF CONTENTS
1. **PURPOSE:**

The Access Endorsement insures that land covered by the policy abuts and has both actual vehicular and pedestrian access to and from the land and a physically open street.

2. **APPLICABLE POLICIES:**

May be issued with the Owner Policy (T-1) or a Loan Policy (T-2) insuring land that is NOT residential and on which improvements exist at the Date of Policy.

3. **PROCEDURAL RULE: P-54**

“Access Endorsement (T-23). A Company may issue its Access Endorsement (T-23) on or after the date Rate Rule R-30 is effective to a Loan Policy (T-2) or Owner’s Policy (T-1) on land which contains improvements and which is not residential real property, if its underwriting requirements are met and if it is paid the premium, if any, prescribed in Rate Rule R-30. The Company may add any exception to the endorsement that it considers, in its sole discretion, to be appropriate. The Company shall delete any insuring provision or portion thereof if it does not consider that risk acceptable. Any insured matter covered in the Access Endorsement (T-23) may be insured only by the use of this endorsement.”

4. **UNDERWRITING REQUIREMENTS:**

In order to issue this endorsement, adhere to the following guidelines:

a. Property is improved AND not residential real property;

b. A current survey acceptable to the Company and Procedural Rule P-2 that certifies or shows the following: i) street to be named in the endorsement abuts the land to be insured; ii) there is open, physical access from the land to the street; and iii) the existence of a curb cut. If no curb cut exists, you must obtain a satisfactory written assurance from the appropriate government entity controlling the street (i.e. city, county or state) that there is no limitation to the right to access such street;

c. If the title search locates any restrictions filed in the deed records that limit the right of access to the street, contact Regional Underwriting before issuing the endorsement; AND

d. If there is more than one street abutting the property that qualifies for the endorsement, you should issue a separate endorsement for each street, although no additional premium shall be collected. The premium is $100 per policy.

Note: The coverage provided by the T-23 differs from the insuring provisions in the OTP and LP which provide coverage against loss or damage sustained or incurred by the Insured if there is “[n]o right of access to and from the Land.” The coverage in the policies pertain to a mere right of access to the property—not the physical right to access the property from an open roadway.

5. **RATE RULE: R-30 - $100.00 each policy**

“Premium for Access Endorsement (T-23). When the Access Endorsement (T-23) is issued with a Mortgagee Policy of Title Insurance (T-2) or Owner Policy (T-1) in accordance with Rule P-54, the premium for the Access Endorsement (T-23) shall be $100 for each policy.”
6. **COMPLETING THE FORM:**

Insert the following information on the endorsement form:

a. Loan or Owner policy number;

b. Date of endorsement;

c. The name of the street, road or highway for which the coverage is desired;

d. Add any exception to the endorsement that the Company considers to be appropriate and delete any insuring provision or portion thereof that is not an acceptable risk; and

e. If the property abuts more than one street, a separate endorsement should be issued although no additional premium shall be collected.
ADDITIONAL INSURED ENDORSEMENT- FORM T-26

1. PURPOSE:

The Additional Insured Endorsement amends the Owner Policy by adding successors in ownership as an additional insured under the policy. The endorsement does not extend the coverage of the policy to any later date than the Date of Policy and is very limited in that the successor must meet the criteria specified in Procedural Rule. Furthermore, the endorsement does not impose any liability on the Company for loss or damage resulting from (1) failure of such additional insured to acquire an insurable estate or interest in the land, or (2) any defect, lien or encumbrance attaching by reason of the acquisition of an estate or interest in the land by such additional insured.

2. APPLICABLE POLICIES:

May be issued to any Owner Policy

3. PROCEDURAL RULE: P-57

“Additional Insured Endorsement (T-26). A Company may issue its Additional Insured Endorsement (T-26) on or after the date that Rate Rule R-33 is effective to an Owner Policy by naming a person as an additional insured in the endorsement, if (1) its underwriting requirements are met, (2) it is paid the premium, if any, prescribed in Rate Rule R-33, and (3) the additional insured is (a) the trustee or successor trustee of a Living Trust to whom the insured transfers the title after Policy Date, and/or the beneficiaries of the Living Trust, or (b) any partner, member or stockholder that acquires the interests of the other owners of the insured in accordance with the terms and provisions of a written agreement in effect at Date of Policy, or (c) a family partnership or family corporation solely composed of or owned by members of the insured's family and the insured. Any matter covered in the Additional Insured Endorsement (T-26) may be insured only by the use of this endorsement.”

4. UNDERWRITING REQUIREMENTS:

a) The additional insured must be:

i. The trustee or successor trustee of a Living Trust to whom the original insured transfers title after the date of the policy, and/or the beneficiaries of the Living Trust AND you must obtain copy of the conveyance document and copy of the trust agreement; OR

ii. Any partner, member, or stockholder that acquires the interest of the other owners of the original insured in accordance with a written agreement in effect at date of policy AND you must obtain copy of the applicable buy-sell agreement; OR

iii. A family partnership or family corporation solely composed of or owned by members of the insured’s family and the insured AND you must obtain a copy of the regulations of the family partnership or corporation.
b) Any request to issue the Additional Insured Endorsement **must be submitted to Regional Underwriting for approval.**

5. **RATE RULE: R-33 – 10% of BPR (Min. $25)**

   "When the Additional Insured Endorsement (T-26) is issued with an Owner Policy in accordance with Rule P-57, the premium for the Additional Insured Endorsement (T-26) shall be 10% of the Basic Rate for each policy, provided that the minimum premium shall not be less than $25.00."

6. **COMPLETING THE FORM:**

   Insert the following information in the endorsement form:

   a. Owner policy number;
   b. Date of endorsement; and
   c. Name of the additional insured (individual or entity).
AGGREGATION ENDORSEMENT- FORM T-16

1. PURPOSE:

The Aggregation Endorsement commonly referred to as a “tie-in endorsement”, ties together multiple loan policies that secure the same indebtedness so the effect of the coverage under a specific Loan Policy is the aggregate amount of all loan policies issued.

2. APPLICABLE POLICIES:

May be issued with any Loan Policy wherein multiple loan policies are issued simultaneously and covering other property securing the same indebtedness covered by the Loan Policy.

3. PROCEDURAL RULE: P-9b(13)

“A Company may issue its Mortgagee Policy Aggregation Endorsement (T-16) to a Mortgagee Policy (T-2), if (1) it is paid the premium prescribed in R-11(k); (2) its underwriting requirements are met; and (3) multiple policies are simultaneously issued covering separate mortgages securing the same indebtedness or loan. The Company shall charge the applicable premium for each Mortgagee Policy of Title Insurance (T-2).”

NOTE: The P-9b(13) states that the corresponding rate rule for this endorsement is found in ‘R-11(k)’. However, the applicable rate rule for the Mortgagee Aggregation Endorsement (T-16) is found in Rate Rule R-11(j). The rate rule was re-numbered pursuant to Commissioner Order No. 10-0960, 2008 Texas Title Insurance Biennial Rate Hearing.

4. UNDERWRITING REQUIREMENTS:

a. Determine that there are additional Loan Policies issued (or to be issued) covering separate mortgages or deeds of trusts securing the same indebtedness secured by the mortgage being insured;

b. The policies to be “tied in” must all be issued simultaneously and the total liability amount for all policies determined;

c. The other policies must be issued on the same underwriter; and;

d. The other policies may cover property in Texas or in other states.

5. RATE RULE: R-11(j) - $25.00

“j. Endorsement issued as provided in Rule P-9b(13) -- When the Loan Policy Aggregation Endorsement (T-16) is issued with a Loan Policy of Title Insurance (T-2) in accordance with Rule P-9b(13), the premium for the Loan Policy Aggregation Endorsement (T-16) shall be $25.00.”
6. **COMPLETING THE FORM:**

Insert the following information in the endorsement form:

a. Loan policy number;
b. Date of endorsement;
c. The policy number, county, state and policy amount of all of the other loan policies being issued simultaneously with your policy; and
d. In the appropriate blank in the body of the form, the aggregate amount of all policies, including your policy.
AREA AND BOUNDARY AMENDMENT- FORM T-3

1. PURPOSE:

Commonly referred to as giving “survey coverage”, the Area and Boundary Amendment amends the pre-printed Schedule B(2) survey exception in the policy to read “shortages in area” so that the Insured has additional coverage on survey matters.

2. APPLICABLE POLICIES:

May be issued in any Owner or Loan Policy. The coverage may also be issued after completion of improvements as provided in P-8.

3. PROCEDURAL RULE: P-2

“Amendment of Exception to Area and Boundaries

a. General Instructions

In either an Owner or Mortgagee Policy, when an insured desires to have amended the exception as to area and boundaries (Item 2 of Schedule B) to delete all save “shortages in area,” a title insurance company may accept an existing real property survey and not require a new survey when providing area and boundary coverage if the title insurance company is willing to accept evidence of an existing real property survey and an affidavit verifying the existing survey, notwithstanding the age of the survey or the identity of the person for whom the survey was prepared.

If the transaction involves Residential Real Property, the affidavit verifying the existing survey shall be the Form T-47 Residential Real Property Affidavit. The policy to be issued shall involve the same land as described in the evidence of the existing real property survey.

The Company may, if it considers the additional hazard insurable, amend such exception (the Company may waive the requirement of a survey in connection with the issuance of its Mortgagee Policy insuring the lien on a condominium unit), by indicating same in Schedule B of the policy or by endorsement as provided herein upon payment of the premium prescribed in R-16 in the case of an Owner Policy. The survey must be acceptable to the Company.

b. Residential Refinance, Affidavit in Lieu of Updated Survey

This Sub-Section P-2.b. shall apply solely to transactions involving Residential Real Property in connection with a Mortgagee Policy issued on a loan to renew, extend or satisfy a lien already covered by a Mortgagee Policy. On transactions covered by this Sub-Section, the Company shall notify the borrower of the borrower’s right to substitute a qualifying Affidavit in Lieu of an Updated Survey. Such notice shall be given: (i) when the application for title insurance is received; or (ii) when the commitment for title insurance is first issued. On qualifying transactions under this Sub-Section, the exception as to area and boundaries shall be amended to read: “Shortages in area” {subject to any additional
exceptions, or express insurance coverage, deemed appropriate by the Company) provided that the following requirements are satisfied:

1) The borrower provides to the Company an original, or legible copy of the survey (hereinafter the "Prior Survey") performed in connection with: (i) the transaction under which the borrower acquired title to the Residential Real Property; or, (ii) a prior loan transaction by the borrower involving the Residential Real Property. The Prior Survey shall not be dated earlier than 7 years prior to the date of the Mortgagee Policy to be issued or performed for another person, unless the Company is willing to accept evidence of an existing survey in accordance with Sub-section P-2.a.

2) The borrower has actual knowledge of the physical condition of the Residential Real Property since the date of the Prior Survey.

3) The Mortgagee Policy to be issued in connection with the current refinance transaction will describe under item '5' of Schedule 'A' the same land described in the Prior Survey.

4) The borrower executes an affidavit concerning the Residential Real Property stating that, since the effective date of the Prior Survey and up to and including the date of the affidavit, there have been no:
   (i) construction projects such as new structures, additional rooms, garages, swimming pools or deckings;
   (ii) changes in the location of boundary fences or boundary walls;
   (iii) construction projects on immediately adjoining property(ies) which construction occurred near the boundary of the Residential Real Property;
   (iv) conveyance or replattings or easement grants or easement dedications by the borrower.

   c. A title insurance company may not discriminate in providing area and boundary coverage in connection with residential real property solely because:
      1) the real property is platted or unplatted; or
      2) a municipality did not accept a subdivision plat in relation to the real property before September 1, 1975.

   d. A title insurance company may not require an indemnity from a seller, buyer, borrower, or lender to provide area and boundary coverage.

   e. If an affidavit is provided to the Company pursuant to this Rule and the affidavit is incorrect, whether due to the negligence or intentional act of the affiant, the area and boundary coverage given pursuant to this Rule shall be unaffected and in full force and effect; provided, however, the exclusions contained in the policy shall not be affected in any way."

4. UNDERWRITING REQUIREMENTS:
In order to issue the 'survey coverage', the following guidelines must be followed:

a. You must be given a copy of a current survey prepared, signed and sealed by a licensed surveyor bearing a proper certification and being a survey of the
identical property involved in your current transaction. At a minimum, the certification should contain a statement that the survey was prepared on the ground, and that easements, utilities, encroachments, improvements and all other visible matters found on the ground are shown on the survey. (Note: A survey also has proper certification if it states that it meets the ALTA/ALSM or Texas Board of Professional Land Surveying standards for a land title survey.) It is preferred that the survey also be certified to the proposed insured, the title company, and lender, if any; OR

b. You receive a satisfactory legible prior survey otherwise meeting requirements in subsection (a) along with an affidavit attesting that, since the date of the survey, no changes have been made to the property which would be shown on a current survey. The affidavit should be in the promulgated Form T-47 for residential property (attached hereto) or similar form for non-residential property. Except as provided below, the person executing the affidavit must have been the purchaser at the time the survey was made or have been the borrower at a time subsequent to the purchase. If an affidavit meeting the requirements above was used in the immediately prior transaction, a new affidavit by the current owner should be executed as though the date of the prior affidavit was the date of the prior survey. We feel this limitation is necessary because allowing the use of a survey which predates the affiants’ ownership creates a “knowledge gap” as to the land prior to affiant’s ownership; OR

c. If you do not have physical possession of a prior survey, but have an executed Form T-47 survey affidavit stating that no changes have been made along with satisfactory evidence of a prior survey, and the transaction is a refinance, home equity or reverse mortgage and the property is either:
   (i) An unimproved 1-4 family platted subdivision lot; or
   (ii) An 1-4 family platted subdivision lot with existing improvements (no new construction or initial sale after completion of construction);
then the Company will review on a case by case basis whether or not the Company will agree to amend the standard survey exception.

d. The land may be platted or not, but should not exceed 25 acres without express authorization from Regional Underwriting.

e. A new survey will be required for the issuance of any Owner policy over $2.5 million or any Loan policy over $5 million unless express authorization to the contrary has been received from Regional Underwriting.

g. If survey coverage is requested after completion of recently constructed improvements, then you must adhere to the underwriting requirements found in the sections of this Manual for Completion of Improvements (Form T-3).

h. Reviewing the Survey- Once you have confirmed that the survey complies with the applicable guidelines above, at a minimum, you must review the survey for the following:

   - legal description on the survey matches the title commitment and all improvements are shown;
- easements and building setback lines shown on the survey are also shown on the title commitment, and easements and setback lines on the title commitment are shown on the survey. Consult your examiner or Regional Underwriting if notable discrepancies between the survey and title commitment;

- visible easements and other matters such as overhead utility lines, pipelines, utility boxes or manholes, dirt/gravel roads, public sidewalks, etc. located outside a dedicated easement should be set out in Sched. B in the title commitment;

- encroachment(s) of improvements (buildings, pools, fences, driveways, patios, etc.) over property lines, setback lines and easements must be added to Schedule B of the title commitment. If coverage is requested for such matter via the T-17, T-19 or T-19.1 endorsements, see underwriting guidelines for the various endorsements. Note: You may not issue Express Insurance for these matters;

- The property has access to a public roadway. If access to a public roadway is via an easement over another property, such easement must be shown on the survey and you must consult your examiner or Regional Underwriting if questions exist as to use of the easement for access to the public road

- Note and other Miscellaneous Items: Notes on the survey should be reviewed for any other matters that may affect title. Often a surveyor will add notes regarding Restrictions affecting the property, matters that do not affect the property, encroachments, boundary conflicts, access, etc. Further, if there is any evidence of a cemetery, burial ground or body of water, these matters must also be added as exceptions in Sched. B of the title commitment.

NOTE: If the underwriting requirements for issuing survey coverage cannot be met, we require the following Schedule B exception to be included in the policy: “Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the land.”

5. RATE RULE: R-16 – 15% BPR on OTP; 5% BPR on ROTP and $0.00 on LP

“R-16. Amendment of Exception as to Area, Boundaries, etc.-----Applicable only as provided in Rules P-2 and P-8.a.(2) - the Exception as to area and boundaries, etc., may be amended in an Owner or Mortgagee Policy upon the payment of an additional premium (in the case only of an Owner Policy) therefore equivalent to (1) 15% of the Basic Rate in an Owner Policy (T-1), or (2) 5% of the Basic Rate in a Residential Owner Policy of Title Insurance - One-to-Four Family Residences (Form T-1R), with a minimum premium of $20.00.”
6. **COMPLETING THE FORM:**

If the coverage is not amended in the policy itself, use the Form T-3 to add coverage.

Insert the following information in the endorsement form (T-3):

a. Loan or Owner policy number;
b. Date of endorsement;
c. Add the following verbiage in the body of the endorsement: “Paragraph 2 of Schedule B hereof is amended to read as follows: 2. Any shortages in area.”
T-47 Residential Real Property Affidavit
(May be Modified as Appropriate for Commercial Transactions)

Date: ____________________
GF No. ____________
Name of Affiant(s): _____________________________________________________
Address of Affiant: ________________________________________________
Description of Property: ______________________________________________

____________________County ______________________, Texas

"Title Company" as used herein is the Title Insurance Company whose policy of title insurance is issued in reliance upon the statements contained herein.

Before me, the undersigned notary for the State of ________________, personally appeared Affiant(s) who after by me being sworn, stated:

1. We are the owners of the Property. (Or state other basis for knowledge by Affiant(s) of the Property, such as lease, management, neighbor, etc. For example, "Affiant is the manager of the Property for the record title owners.")

2. We are familiar with the property and the improvements located on the Property.

3. We are closing a transaction requiring title insurance and the proposed insured owner or lender has requested area and boundary coverage in the title insurance policy(ies) to be issued in this transaction. We understand that the Title Company may make exceptions to the coverage of the title insurance as Title Company may deem appropriate. We understand that the owner of the property, if the current transaction is a sale, may request a similar amendment to the area and boundary coverage in the Owner’s Policy of Title Insurance upon payment of the promulgated premium.

4. To the best of our actual knowledge and belief, since ___________________ there have been no:

   a. construction projects such as new structures, additional buildings, rooms, garages, swimming pools or other permanent improvements or fixtures;
   b. changes in the location of boundary fences or boundary walls;
   c. construction projects on immediately adjoining property(ies) which encroach on the Property;
   e. conveyances, replattings, easement grants and/or easement dedications (such as a utility line) by any party affecting the Property.

EXCEPT for the following (If None, Insert “None” Below):

__________________________________________
__________________________________________

5. We understand that Title Company is relying on the truthfulness of the statements made in this affidavit to provide the area and boundary coverage and upon the evidence of the existing real property survey of the Property. This Affidavit is not made for the benefit of any other parties and this Affidavit does not constitute a warranty or guarantee of the location of improvements.
6. We understand that we have no liability to Title Company that will issue the policy(ies) should the information in this Affidavit be incorrect other than information that we personally know to be incorrect and which we do not disclose to the Title Company.

AFFIANT:
_________________________________________________

SWORN AND SUBSCRIBED this ______ day of __________________, 20_____.

____________________________________________
Notary Public
ASSIGNMENT OF LIEN ENDORSEMENT- FORM T-3

1. **PURPOSE:**

The Assignment of Lien Endorsement amends the named insured in the Loan Policy after the lien has been assigned to a new party. The endorsement also down dates the policy, but the effectiveness of the endorsement is conditioned upon the proper delivery of the underlying note. Further, coverage for certain matters of record filed after the date of the original policy may be expressly excluded from the endorsement.

2. **APPLICABLE POLICY:**

May be issued to any existing Loan Policy (T-2) covering any lien NOT secured by residential property, unless the mortgage is assigned to a governmental agency as defined in the applicable procedural rule.

3. **PROCEDURAL RULE: P-9b(1) and P-9b(2)**

"(b) Mortgagee Policy

(1)-Assignment Of Mortgage To Government Agencies- Where a Mortgagee Policy has been issued covering the lien securing an indebtedness, and such indebtedness and lien have been subsequently sold, transferred and assigned to Government National Mortgage Association and/or Federal National Mortgage association and/or Administrator of Veterans’ Affairs and/or Secretary of Housing and Urban Development, or as their names may be changed from time to time, the Company which issued the original policy may issue an Endorsement thereto to show the Government National Mortgage Association and/or Federal National Mortgage Association and/or Administrator of Veterans’ Affairs and/or Secretary of Housing and Urban Development, or as their names may be changed from time to time, as a party insured. As a condition to the issuance of the Endorsement, the Company may require a showing from the assignor that such assignor has not accelerated the maturity of the indebtedness, or if he has, that there has been a proper reinstatement of the obligation. It shall be permissible for the Company to show the current owner of the fee simple title to the property in the said Endorsement.

(2)- Assignment Of Mortgage To Others- Except as to those loans secured by one-to-four family residential properties, the Endorsement provided for above in P-9b(1) may also be applied to assignees other than those set out in said Rule P-9b(1)."

4. **UNDERWRITING REQUIREMENTS:**

a. Search and examination of the record must show a complete chain of assignments from the original lender to the proposed insured assignee;

b. Title from the original policy date through the date of the recording of the Assignment must be examined and any matters discovered in the search should be added as exceptions to the Endorsement and priority of the insured lien reflected in the policy;
c. You must obtain an estoppel letter or other evidence from the Lender/Assignor affirming that the mortgage indebtedness was not in default or its maturity not accelerated (or there has been a proper reinstatement of the indebtedness) at the time of the assignment. If there is any evidence that the loan is in default or know to be non-performing, you must contact Regional Underwriting. See attached sample ‘Assignor Certificate to the Title Company’. You may use any form that contains the same information.

d. You must obtain a sworn statement by the record owner/borrower of the land, stating that the lien of the mortgagee is still good and valid, and in all respects, free from all defenses, both in law and in equity. See attached sample ‘Borrower Affidavit and Estoppel Certification’.

e. Obtain new tax certificates to determine the last year that taxes, standby fees, and assessments were paid as the assignee will usually require that that taxes be guaranteed through a given year;

f. If the insured lien is secured by one-to-four family residential property, the endorsement may not be issued unless the assignee is to a governmental agency (i.e. HUD, VA, Fannie Mae, etc.); and

e. If the assignor or assignee is an individual (i.e.- not a bank, mortgage lender, etc.) or the Assignment contains language that it is given as security for a loan from the assignee to the assignor, contact Regional Underwriting.

5. RATE RULE: R-11a - $229.00, not to exceed 50% of original premium for MTP

“a. Endorsement issued as provided in Rules P-9b(1) and P-9b(2)----The minimum Basic Premium Rate shall be charged for each Endorsement issued after the date of the original policy. In no event, however, shall such premium exceed 50% of the premium applicable to the original Mortgagee Policy under the Schedule of Basic Rates.”

6. COMPLETING THE FORM:

Insert the following information in the Form T-3 (Note: If you are not using pre-pre-printed form, see below Endorsement Instruction III, Basic Manual):

a. Loan Policy number;
b. Date of endorsement;
c. Insert the name of the party to whom the lien was assigned (a/k/a “assignee”) as the new insured;
d. Insert the date and recording information for the Assignment;e. In the second paragraph, insert the priority of the lien [first, second, etc.] AND any necessary exceptions for matters found in the title search since the date of the original policy. If there are no matters to be added, delete the words ‘and the following’; and
f. Insert the last year that taxes were paid, which is the last year you are willing to insure. Do not use the year shown on the original Loan Policy, as that reflects the first year excepted to in the endorsement. Specify any other tax matters the title company is not willing to insure or delete the words “and except” in the second to last paragraph.
ENDORSEMENT INSTRUCTION III:

“III. USE UPON ASSIGNMENT OF LIEN.

When a lien is assigned, and upon compliance with Rules P-9.b.(1) or P-9.b(2) and R-11, the Company may issue the Endorsement by inserting therein:

‘Said Mortgagee Policy is hereby amended to name as the Insured:

__________________________.

The lien described in Schedule A of said policy has been assigned to said named Insured by assignment dated the ______day of ________, 19__, at _____.M., in the Office of the County Clerk of _______________ County, Texas (here insert clerk's file number or book and page of recording), and Schedule A of said policy is hereby amended to cover said assignment, and it is expressly stated that the effective date of said policy is changed to the date of this Endorsement.’

‘As of the date of this Endorsement, Company insures the insured against loss, if any, sustained by the insured under the terms of the policy if said lien is not a valid lien against the property described in Schedule A of said policy, subject to the matters set forth in Schedule B, the terms and provisions of said policy and the following:

(Here insert any exception necessary by reason of matters arising since the date of the Policy or delete the immediately preceding words "and except")

‘The Company insures that all standby fees, taxes and assessments by any taxing authority against the property described in Schedule A of said policy have been paid up to and including the year ________ except subsequent taxes and assessments for prior years due to change in land usage or ownership, and except: (specify or delete the immediately preceding words "and except").’

‘This Endorsement shall be effective when the note or notes secured by the lien insured have been delivered to the Insured named herein.’ "
LENDER’S (ASSIGNOR’S) CERTIFICATE TO TITLE INSURANCE COMPANY

Date:

Holder of Note and Lien (“Holder”):

Holder’s Mailing Address:

Original Lender (if other than Holder):

Mortgage or Deed of Trust: Recorded in of the records of County, (hereinafter “Mortgage”)

Assignment of Lien in favor of Holder (if any): Recorded in of the records of County, .

Original Principal Amount of Note Secured by Mortgage (the “Note”): $

Borrower:

Record Owner of the Land (if other than Borrower):

Property:

Title Insurance Company (the “Underwriter”):

Holder hereby certifies to the Underwriter that the following statements are true and correct:

1. The Mortgage is a valid and enforceable lien on the Property. Borrower (and Owner if other than the Borrower) has no defenses to the validity and enforceability of the Mortgage. The loan secured by the Mortgage (the “Loan”) is not past due or in default. The Loan has not matured.

2. The Loan is current through [date], and the current balance is $

3. Holder is in possession of the original Note. A true and correct copy of the Note is attached hereto as Exhibit “A” [ATTACH NOTE]. The Note has been properly executed and endorsed to Holder.

Holder acknowledges that this certificate is given to induce the Underwriter to issue its title insurance policy or policies pertaining to this Property, and that Underwriter is relying on the statements herein.

LENDER/HOLDER:

BY:__________________________________________

Name:__________________________________________
Title:__________________________________________

STATE OF____________________)
COUNTY OF____________________)  

SWORN TO and subscribed before me on this day of , 20 .

__________________________________________
BORROWER/OWNER AFFIDAVIT AND ESTOPPEL CERTIFICATION

Underwriter: ______________________
Escrow Agent ______________________
Order No. ______________________

State of Texas, County of ______________________:

The undersigned, being first duly sworn, deposes and says the following:

(1) I am:

   (i) the [title or office:] ______________________ of [company name:] ______________________,

   OR

   (ii) [name] ______________________, an individual,

the Borrower that made, executed, and delivered that certain deed of trust or mortgage
("Mortgage") in favor of ______________________, as the original beneficiary or mortgagee,
dated ______________________, recorded in __________, in the land records of
____________________ County, ________.

(2) This Affidavit and Estoppel Certification (Certification) is made to the best knowledge of the
undersigned Borrower.

(3) Based on information and belief, the Mortgage is a good and valid lien upon the property
described therein (Property), and the Mortgage and the note or notes, indebtedness and
other obligations secured by the Mortgage (Obligations) are in all respects free from all
defenses, in law and in equity.

(4) This Certification is made for the protection and benefit of the current owner and holder of
the Obligations secured by the Mortgage, and all other parties that may acquire an interest
in the Property, and particularly for the benefit of any title insurer that insures the title to the
Property directly or indirectly in reliance on the facts and representations contained in this
Certification.

____________________________________
(Borrower & Title, if applicable):

SUBSCRIBED AND SWORN TO before me this ___ day of ________________ __________, 20__.

____________________________________
Notary Public for ______________________
My commission expires: ______________________
ASSIGNMENT OF RENTS/LEASES ENDORSEMENT- FORM T-27

1. PURPOSE:

The Assignment of Rents/Leases Endorsement provides the lender with additional coverage when the collateral for the loan being insured also includes rental property secured by a document assigning rental income and leases to the lender. This endorsement insures that there is no defect in the execution of the Assignment of Rents and/or Leases and that there is no prior assignment of rents of record.

2. APPLICABLE POLICY:

May be issued with any Loan Policy (T-2) covering nonresidential property where the deed of trust is additionally secured by an assignment of rents or leases.

3. PROCEDURAL RULE: P-60.

“Assignment of Rents/Leases Endorsement (T-27). A Company may issue its Assignment of Rents/Leases Endorsement (T-27) on or after the date Rate Rule R-34 is effective to a contemporaneously issued Mortgagee Policy (T-2), if its underwriting requirements are met and it is paid the premium, if any, prescribed in Rate Rule R-34. The Company shall delete any insuring provision if it does not consider that risk acceptable. Any insured matter covered in the Assignment of Rents/Leases Endorsement (T-27) may be insured only by the use of this Assignment of Rents/Leases Endorsement (T-27). The Assignment of Rents/Leases Endorsement (T-27) may not be issued on residential real property.”

4. UNDERWRITING REQUIREMENTS:

The following underwriting guidelines should be followed:

a. This endorsement may NOT be issued if the policy is to cover residential real property;

b. Review the Assignment of Rents/Leases (or other document that may constitute an assignment of rents and/or leases) to be executed at closing to ensure proper execution, parties, and the correct property;

c. The T-27 should not be issued to a policy securing a 2nd lien where the first lien is additionally secured by an assignment of rents or leases; and

d. If a title search reveals a prior recorded assignment of a lessor’s interest in the lease(s) or rents to be received from the lease, contact Regional Underwriting for approval.

5. RATE RULE: R-34 - $0.00

“PREMIUM FOR ASSIGNMENT OF RENTS/LEASES ENDORSEMENT (T-27). When the Assignment of Rents/Leases Endorsement (T-27) is issued with a Mortgagee Policy of Title Insurance (T-2) in accordance with Rule P-60, the premium for each Assignment of Rents/Leases Endorsement (T-27) shall be $0.00.”
6. COMPLETING THE FORM:

Insert the following information in the endorsement: (NOTE: the T-27 Assignment of Rents/Leases Endorsement must be issued as a full endorsement, since the T-2 Loan Policy does not contain a check box for the T-27):

a. Loan Policy number;
b. Date of endorsement;
c. In paragraph 2, insert the title of the document to be covered by the endorsement (i.e. Assignment of Rents) and the proper paragraph number where assignment of rents/leases document appears and exception in Schedule B of the Loan Policy; and

Note: The assignment should not be described in Schedule A.4 in the description of the “Insured Mortgage”.
1. PURPOSE:

The Balloon Mortgage Endorsement insures that the insured lien is not invalid or unenforceable and that there is no loss of priority due to provisions contained in the mortgage providing for a balloon payment.

2. APPLICABLE POLICIES:

May be issued with any Loan Policy insuring a Deed of Trust secured by Residential Real Property and which contains a balloon rider. The Balloon Mortgage Endorsement may also be issued subsequent to the issuance of the Mortgagee Policy.

3. PROCEDURAL RULE: P-9b(10)

“Balloon Mortgage Endorsement - When a Mortgagee Policy of title insurance is to be issued on residential real property insuring a lien that contains a balloon rider, the Company may attach to the Mortgagee Policy Endorsement Form T-39. The balloon rider must contain a conditional right to refinance. The lien as originally created and described in the Mortgagee Policy must contain the balloon rider. The Company must be paid the premium prescribed in Rate Rule R-11(h) for issuance of the endorsement.”

4. UNDERWRITING REQUIREMENTS:

a. The loan and deed of trust must contain an attachment designated as a balloon rider with a conditional right to refinance or must otherwise contain a conditional right to refinance within the body of the deed of trust; AND

b. The property securing the deed of trust must be residential real property.

5. RATE RULE: R-11H - $25 with policy; $50.00 post-policy

“h. Endorsement issued as provided in Rule P-9b(10)----A premium of $25.00 shall be charged for the issuance of the Endorsement if the Endorsement is issued at the time of the issuance of the mortgagee policy. A premium of $50.00 shall be charged for the issuance of the Endorsement if the Endorsement is issued subsequent to the issuance of the mortgagee policy.”

6. COMPLETING THE FORM:

Insert the following information into the endorsement form:

a. Loan Policy number; and

b. Date of endorsement.
CO-INSURANCE ENDORSEMENT- FORM T-48

1. PURPOSE:

The Co-Insurance Endorsement is issued when another title company assumes a portion of the risk by co-insuring a policy that exceeds fifteen million dollars in liability. This endorsement is often utilized when the total liability exceeds a company’s underwriting limits.

2. APPLICABLE POLICIES:

May be issued with an Owner Policy or Loan Policy, in which the liability amount exceeds $15,000,000 (Fifteen Million Dollars).

3. PROCEDURAL RULE: P-6

“P-6.Co-Insurance

(a) Should a Company elect to issue a policy for a lesser amount than the whole risk, it may do so by causing other Companies qualified to do business in Texas to co-insure the excess. Each Company issuing a policy under the above provisions shall insert in Schedule B thereof the following:

‘This policy is issued contemporaneously with Policy No. _____ of (Name of Title Insurance Company (ies)) for $______. The liability of the Company hereunder is hereby limited to (proportion) of any loss, but said liability shall not exceed the face amount of this policy.’

(b) Where the total amount of any and all policies issued on a single risk is in excess of $15,000,000 (Fifteen Million Dollars), and when such risk is insured by more than one title insurance company, the premium charged shall be determined as if the risk was being insured in one policy and shall be apportioned between and among the different companies on a pro rata basis commensurate with the amount of the risk insured by each title insurance company. In the event of issuance of mortgagee title policy binders on interim construction loans, each binder shall bear the full charge provided in Rule R-13.

(c) Where the total amount of a single risk is in excess of $15,000,000 (Fifteen Million Dollars), and when such risk is insured by more than one title insurance company, one title insurance company may issue a policy and the other co-insurers may join in execution of the Co-Insurance Endorsement (T-48), in lieu of separate issuance of a policy subject to the terms of paragraph (a). The premium shall be determined for the total risk being insured under the policy and the premium shall be apportioned between or among the different companies on a pro rata basis commensurate with the amount of risk insured by each title insurance company as specified in the Co-Insurance Endorsement (T-48). The Amount of the Insurance stated in Schedule A shall be the total risk being insured under the policy followed by the statement ‘Subject to the terms of the Co-Insurance Endorsement (T-48) attached hereto.’”
4. **UNDERWRITING REQUIREMENTS:**

**NOTE:** The T-48 endorsement is to only be issued with Regional Underwriting approval.

a. The endorsement may only be issued when the liability under the policy exceeds fifteen million dollars ($15,000,000.00) and when two or more underwriters are insuring title to land under one policy in lieu of issuing separate policies. **NOTE:** P-6 allows the co-insuring companies the option of issuing the T-48 OR issuing separate policies when policy liability exceeds $15m. If liability is less than $15m, separate policies must be issued. See P-6(a);

b. Schedule A should reflect the total risk being insured followed by the statement:

   "Subject to the terms of the Co-Insurance Endorsement (T-48) attached hereto."

c. The endorsement must be executed by the co-insuring company(ies), although it may be executed in counterparts. Further, any endorsement to the policy issued after the date of the Co-Insurance Endorsement must be signed by each of the Co-Insuring Companies; and

d. The co-insuring company must be qualified to do business in Texas.

5. **RATE RULE:** None. See Procedural Rule for guidance

**Note:** P-6(c) provides that, “...the premium shall be apportioned between or among the different companies on a pro rata basis commensurate with the amount of risk insured by each title insurance company as specified in the Co-Insurance Endorsement (T-48)."

6. **COMPLETING THE FORM:**

Insert the following information on the endorsement form:

a. Type of policy (Loan or Owner) and Policy number;

b. Date of the endorsement;

c. Name, home office mailing address and liability amounts of Issuing Co-Insurers and each Co-Insurer; and

d. Signature blocks for all Co-Insurers.

**NOTE:** Schedule A should reflect the total risk being insured followed by the statement:

   "Subject to the terms of the Co-Insurance Endorsement (T-48) attached hereto."
COMPLETION OF IMPROVEMENTS ENDORSEMENT (Owner Policy)- FORM T-3

1. PURPOSE:

When a policy is issued securing a construction loan that includes the cost of immediately contemplated improvements, Procedural Rule P-8 requires that the Owner Policy contain an exception (“P-8 exception”) stating that the liability amount under the policy is limited to the value of the land plus the amount actually expended or disbursed for completion of construction. (See Appendix Issuing Policies Before & After Construction). The Completion of Improvements Endorsement serves to eliminate the general P-8 exception in an existing Owner Policy that was issued prior to the completion of improvements. Also, when an acceptable as-built survey is provided, the Endorsement can also be issued to provide survey coverage and/or add coverage through the Endorsement T.19.1. The Completion of Improvements Endorsement does NOT down date the policy--for that, a Downdate Endorsement (T-3) is required. The Completion of Improvements Endorsement brings the title search to date only as to mechanics’ liens.

2. APPLICABLE POLICIES:

May be attached to any Owner policy issued prior to the completion of improvements and which contained the P-8 exception.

3. PROCEDURAL RULE: P-8a(2)

Owner Policy- P-8a(2):

“(2) Upon the completion of the improvements on said property, the owner’s acceptance thereof, and satisfactory evidence to the Company that all bills for labor and materials have been paid in full, the “Liability” paragraph and the exception in Schedule B set out in "a(1)" of this rule may be eliminated from the policy by the issuance of the promulgated Endorsement form containing the applicable promulgated language covering said elimination.

In addition to the above elimination, if a satisfactory survey made after the completion of improvements is furnished to the Company, survey coverage may be provided as set out in Rules R-16 and P-2, using the promulgated Endorsement form and containing the applicable promulgated language.

In addition, if the Company's underwriting requirements have been met, the T-19.1 Endorsement may be issued or coverage affirmed as set out in Rules R-29 and P-50, using the promulgated Endorsement form and containing the applicable promulgated language."

4. UNDERWRITING REQUIREMENTS:

The underwriting requirements for each transaction depend on whether or not construction has been complete for at least five (5) months:
A. **Construction has been complete for less than five (5) months and no new construction is contemplated:**

1. **If policy is less than $1 million**, the following must be satisfied in order to issue this endorsement (see No. 2 below if policy is $1 million or greater):

   a. Do a down date of the title covering the period from: (i) the date of the policy up to the present if there have been no down date endorsements issued during construction; or (ii) the date of the last issued down date endorsement up to the present. Your title down date must reveal there are no mechanics’ liens filed of record against the property. **If your title down date reveals any mechanics’ liens or you are aware of any unpaid bills for labor or materials, do not issue this endorsement without Regional Underwriting approval;**

   b. Perform a general name search on the builder/contractor and owner/developer for mechanics’ liens or other involuntary liens. If your search reveals any liens or evidence of unpaid bills, **Regional Underwriting approval is required;**

   c. The builder/general contractor must sign the attached **Final Bills Paid Affidavit and Indemnity Agreement** which states: (i) all work was completed; (ii) all bills for labor and materials have been paid, or that all such bills have been paid except for those listed in the affidavit; and (iii) includes an indemnity in favor of the Company. **If there are unpaid bills listed in the affidavit, please contact Regional Underwriting;**

   d. The owner must sign the attached **Final Bills Paid Affidavit and Indemnity Agreement** which states: (i) all work is completed and accepted by Owner; (ii) all bills for labor and/or materials are paid; and (iii) contains an indemnity in favor of the Company. **If there are unpaid bills listed in the affidavit, you must contact Regional Underwriting for approval; and**

   e. If survey coverage or the T.19.1 Endorsement is requested, see Subsection C below.

2. **If the policy is $1 million or greater**, the following must be satisfied in order to issue this endorsement:

   a. All of the requirements in A(1) above must be satisfied; **AND**

   b. **Regional Underwriting approval is required.** You should assume that Regional Underwriting will require the **Final Bills Paid Affidavit and Indemnity Agreement** be from a solvent indemnitor backed by audited financial statements. Further, you should expect that additional documentation regarding the construction project be provided to assist in review for coverage approval (e.g., Certificate of Completion; construction cost break-down and payments, etc.). In many cases, Regional Underwriting will be required to submit the coverage request for Corporate Underwriting Approval as well. **DO NOT WAIT TO THE LAST MINUTE TO SUBMIT YOUR REQUEST.**
B. Construction has been complete for at least five (5) months and no more construction is contemplated:

1. You must have satisfactory evidence that construction has been completed for at least five months.

2. Do a down date of the title covering the period from: (i) the date of the policy up to the present if there have been no down date endorsements issued during construction; or (ii) the date of the last issued down date endorsement up to the present. Your title down date must reveal there are no mechanics' liens filed of record against the property. If your title down date reveals any mechanics’ liens or you are aware of any unpaid bills for labor or materials, do not issue this endorsement without Regional Underwriting approval.

3. You must obtain a satisfactory Final Bills Paid Affidavit and Indemnity Agreement (see form attached) executed by the Owner that states: (i) all work has been completed; and (ii) all bills for labor and materials have been paid, or that all such bills have been paid except for those listed in the affidavit. If there are unpaid bills listed in the affidavit, you must arrange to pay them at closing. This affidavit should include an indemnity in favor of the Company.

4. You must obtain a satisfactory Final Bills Paid Affidavit and Indemnity Agreement (see form attached) executed by the Contractor that states: (i) all work has been completed; and (ii) all bills for labor and materials have been paid, or that all such bills have been paid except for those listed in the affidavit. If there are unpaid bills listed in the affidavit, you must arrange to pay them at closing. This affidavit should include an indemnity in favor of the Company.

5. If survey coverage or the T.19.1 Endorsement is requested, see Subsection C below.

C. Issuing Survey Coverage and/or T.19.1 Coverage After Completion of Improvements- All Policies:

1. Survey Coverage

   a. Survey Coverage Previously Issued- If the standard survey exception was amended under P-2 when the policy was originally issued and the insured requests that this coverage be extended to the date of this endorsement, you must be furnished with a current and satisfactory survey of the property that shows the location of the recently completed improvements. The survey must comply with P-2 and the underwriting guidelines of the Company for surveys. See Section ‘Area and Boundary Amendment- Form T-3’

   b. Survey Coverage Not Previously Issued- If the standard survey exception was not amended under P-2 upon the original issuance of the policy, but the insured requests that the standard survey exception be amended as of the date of the endorsement, the insured must pay the applicable premium set forth in Rate Rule
R-16 and you must be furnished with a current and satisfactory survey of the property that shows the location of the recently completed improvements. The survey must comply with P-2 and the underwriting guidelines of the Company for surveys. See Section ‘Area and Boundary Amendment- Form T-3’.

2. T-19.1 Endorsement

a. T-19.1 Endorsement Previously Issued- If the T-19.1 Endorsement was issued when the policy was issued originally and the insured requests that the T-19.1 coverage be extended to the date of this endorsement, you must be furnished with a current and satisfactory survey of the property that shows the location of the recently completed improvements. The survey must comply with P-2 and the underwriting guidelines of the Company for surveys generally. The T-19.1 coverages may be extended only upon compliance with the underwriting guidelines of the Company for the issuance of the T-19.1 Endorsement generally. For the underwriting guidelines of the Company for issuance of the T-19.1 Endorsement, see Section ‘Restrictions, Encroachments & Minerals –Form T-19.1’.

b. T-19.1 Endorsement Not Previously Issued- If the T-19.1 Endorsement was not issued when the policy was issued originally, but the insured requests that the T-19.1 Endorsement be issued as of the date of this endorsement, you must be furnished with a current and satisfactory survey of the property that shows the location of the recently completed improvements. The survey must comply with P-2 and the underwriting guidelines of the Company for surveys generally. The issuance of the T-19.1 endorsement is subject to the underwriting guidelines of the Company for the issuance of said endorsement, and the payment of the applicable premium set forth in Rate Rule R-29C. For the underwriting guidelines of the Company for issuance of the T-19.1 Endorsement, see Section ‘Restrictions, Encroachments & Minerals –Form T-19.1’.

5. RATE RULE: None, except if Survey Coverage is issued (R-16) or T.19.1 Coverage (R-29).

6. COMPLETING THE FORM:

Insert the following information on the endorsement form T-3:

a. Owner’s Policy Number;

b. Date of the endorsement;

c. Delete the “mechanics’ liens” and “limitation of liability” exceptions from the policy by inserting the exception numbers where they appear in the policy in paragraph 1 of the endorsement; See ENDORSEMENT INSTRUCTIONS, SECTION II A, subparagraph (1)
d. If requested by the insured, update or amend the standard survey exception by inserting the promulgated language set forth in the ENDORSEMENT INSTRUCTIONS, SECTION II A, subparagraph (2);

e. If requested by the insured, update or issue the T-19.1 Endorsement by inserting the promulgated language set forth in the ENDORSEMENT INSTRUCTIONS, SECTION II A, subparagraph (3). If any of the insuring provisions of the T-19.1 must be deleted, insert the applicable paragraph numbers of the deleted provisions in the appropriate blank;

Endorsement Instructions II A:

“II. USE UPON COMPLETION OF IMPROVEMENTS.

Upon the completion of improvements and after compliance with Procedural Rule P-8.a.(2) or b.(2), Procedural Rule P-50, and Rate Rules R-16 and R-29, if applicable, the following language may be inserted into the Endorsement:

A. In Owner Policies - Rule P-8.a.(2) and R-16

1. Exceptions No.______________________________ in said Owner Policy are hereby deleted.’

2. Only in the event there is a specific request that the exception as to area and boundaries, etc. be amended and when a current, acceptable survey, showing all completed improvements, is furnished to the Company, the following language contained in the applicable subdivision below may be inserted and shown as No. 2 of the Endorsement form. In the event no amendment is to take place, no No. 2 will be included. The types of exception and the correct wording to be inserted are as follows:

(a) Area and boundaries exception previously amended--
‘The company affirms the amendment of the exception as to area and boundaries of the above numbered policy, such amendment to be effective as of the date of this Endorsement.’

(b) Area and boundaries exception NOT previously amended--
‘Exception as to area and boundaries of the above numbered policy is hereby eliminated save and except any shortages in area.’

3. Only in the event there is a specific request that the T-19.1 Endorsement be issued and when the Company’s underwriting requirements have been met, the following language contained in the applicable subdivision below may be inserted and shown as No. 3 of the Endorsement form. In the event the endorsement is not to be issued or the coverage affirmed, no No. 3 will be included. The correct wording to be inserted is as follows:
(a) T-19.1 Endorsement previously issued-

‘The company affirms the coverage provided in the T-19.1 Endorsement issued in connection with the above numbered policy, such coverage to be effective as of the date of this Endorsement.’

‘The following subparagraph(s) of this endorsement are deleted:
_____________________________

(b) T-19.1 Endorsement NOT previously issued-

‘T-19.1 Endorsement in the form attached hereto is made a part of the above numbered policy”.

"The following subparagraph(s) of this endorsement are deleted:
_____________________________
FINAL BILLS PAID AFFIDAVIT AND INDEMNITY AGREEMENT

Date:

GF No.:
Title Company:
Underwriter:
Owner(s) [including address]:

Original Contractor [including address]:

Property: [include legal description]

On this day before me personally appeared Owner and Original Contractor, to me personally known, who, being duly sworn on their oaths, did say that all of the persons, firms, and corporations, including the Original Contractor and all sub-contractors, who have furnished services, labor, or materials, or extra items, according to plans and specifications or otherwise, used in the construction or repair of buildings and improvements on the real property described above, have been paid in full and that such work was fully completed on or before [date] and accepted by Owner, free and clear of any mechanic's lien whatever, all such liens or claims for lien being hereby expressly waived.

Affiants further say that no unsatisfied claims for lien or payment have been made to either of the affiants by, nor is any suit threatened or pending on behalf of any contractor, sub-contractor, laborer, or materialman, and further that no chattel mortgages, conditional sale contracts, security agreements, financing statements, retention of title agreements, or personal property leases have been given or are now outstanding as to any materials, fixtures, appliances, furnishings, or equipment placed upon or installed in or upon the aforesaid premises or the improvements thereon, and all plumbing, heating, lighting, refrigerating, and other equipment is fully paid for, including all bills for the repair thereof, except as follows: (if none, state “none”)

Affiants hereby request Title Company and its Underwriter to issue its policy or policies of title insurance upon the Property without exception therein to any possible unfiled mechanic's or materialman's liens, and in connection therewith, and as an inducement therefor, said affiants do hereby, jointly and severally, agree to indemnify and hold Title Company and its Underwriter harmless from and against all loss, cost, damage and expense of every kind, including attorney’s fees that Underwriter shall or may suffer or incur or become liable for under its said policy or policies now to be issued, or any reissue, renewal or extension thereof, or new policy at any time issued upon said real estate, part thereof or interest therein, arising, directly or indirectly, out of or on account of any such mechanics’ or materialman’s lien or liens or claim or claims or in connection with its enforcement of its right under this agreement. All representations, agreements of indemnity, and waivers herein contained shall also inure to the benefit of any party assured under any policy issued on the Underwriter, and any action brought hereon may be instituted in the name of Underwriter or said assured or both.
This affidavit is given to induce Title Company and its Underwriter to issue its title insurance policy or policies.

NOTE: Where the premises are owned by two or more owners, both should be named as affiants and both should sign. Where corporations are involved, the names of the affiants and the signatures should be those of officers of the corporations, preferably the Presidents.

________________________________________
Owner of Property

________________________________________
Original Contractor

STATE OF _____________________________
COUNTY OF _________________________

Subscribed, and sworn to before me by _____________________________ on this ________ day of _____________________________, 20__.  

_______________________________________________
Notary Public

STATE OF _____________________________
COUNTY OF _________________________

Subscribed, and sworn to before me by _____________________________ on this ________ day of _____________________________, 20__.  

_______________________________________________
Notary Public

For use with corporate landowner and/or corporate contractor:

___________ a corporation of the State of ____________ joins in the execution of this instrument for the purpose of adopting all the representations of fact made in the foregoing affidavit and hereby joins all the agreements of indemnity and waivers therein contained.

________________________________________
Name of Corporation

By: ________________________________
Name: ________________________________
Its: ________________________________
1. PURPOSE:

When a policy is issued securing a construction loan that includes the cost of immediately contemplated improvements, Procedural Rule P-8 requires that the Loan Policy contain an exception ("P-8 exception") stating that the liability amount under the policy is limited to the value of the land plus the amount actually expended or disbursed for completion of construction. (See Appendix Issuing Policies Before & After Construction). The Completion of Improvements Endorsement serves to eliminate the general P-8 mechanics' lien exception in an existing Loan Policy that was issued prior to the completion of improvements. Also, when an acceptable as-built survey is provided, the Endorsement can also be issued to provide survey coverage and/or add coverage through the Endorsement T.19. The Completion of Improvements Endorsement does NOT down date the policy—for that, a Downdate Endorsement is required). The Completion of Improvements Endorsement brings the title search to date only as to Mechanics’ liens.

2. APPLICABLE POLICIES:

May be attached to any existing Loan upon the completion of improvements.

3. PROCEDURAL RULE: P-8b(2)

Mortgagee Policy: P-8b(2):

“(2) Upon the completion of the improvements on said property, the owner’s acceptance thereof, and satisfactory evidence to the Company that all bills for labor and materials have been paid in full, the exception plus the ‘Pending Disbursement’ paragraph in ‘b(1)’ above may be eliminated from the policy and mechanic's and materialmen's lien coverage amended by issuance of the promulgated Endorsement form containing the applicable promulgated language covering said elimination and amendment.

In addition to the above elimination, if a satisfactory survey made after the completion of improvements is furnished to the Company, survey coverage may be provided as set out in Rules R-16 and P-2, using the promulgated Endorsement form and containing the applicable promulgated language.

In addition, if the Company's underwriting requirements have been met, the T-19 Endorsement may be issued or coverage affirmed as set out in Rules R-29 and P-50, using the promulgated Endorsement form and containing the applicable promulgated language.”
4. UNDERWRITING REQUIREMENTS:

The underwriting requirements for each transaction depend on whether or not construction has been complete for at least five (5) months:

A. **Construction has been complete for less than five (5) months and no new construction is contemplated:**

1. **If policy is less than $1 million**, the following must be satisfied in order to issue this endorsement (see No. 2 below if policy is $1 million or greater):

   a. Do a down date of the title covering the period from: (i) the date of the policy up to the present if there have been no down date endorsements issued during construction; or (ii) the date of the last issued down date endorsement up to the present. Your title down date must reveal there are no mechanics’ liens filed of record against the property. **If your title down date reveals any mechanics’ liens or you are aware of any unpaid bills for labor or materials, do not issue this endorsement without Regional Underwriting approval;**

   b. Perform a general name search on the builder/contractor and owner/developer for mechanics’ liens or other involuntary liens. If your search reveals any liens or evidence of unpaid bills, **Regional Underwriting approval is required**;

   c. The builder/general contractor must sign the attached Final Bills Paid Affidavit and Indemnity Agreement which states: (i) all work was completed; (ii) all bills for labor and materials have been paid, or that all such bills have been paid except for those listed in the affidavit; and (iii) includes an indemnity in favor of the Company. **If there are unpaid bills listed in the affidavit, please contact Regional Underwriting;**

   d. The owner must sign the attached Final Bills Paid Affidavit and Indemnity Agreement which states: (i) all work is completed and accepted by Owner; (ii) all bills for labor and/or materials are paid; and (iii) contains an indemnity in favor of the Company. **If there are unpaid bills listed in the affidavit, you must contact Regional Underwriting for approval;** and

   e. If survey coverage or the T.19.1 Endorsement is requested, see Subsection C below.

2. **If the policy is $1 million or greater**, the following must be satisfied in order to issue this endorsement:

   c. All of the requirements in A(1) above must be satisfied; AND

   d. **Regional Underwriting approval is required.** You should assume that Regional Underwriting will require the Final Bills Paid Affidavit and Indemnity Agreement be from a solvent indemnitor backed by audited financial statements. Further, you should expect that additional documentation regarding the construction project be provided to assist in review for coverage approval (e.g., Certificate of Completion; loan/construction cost break-down and payments, etc.). In many cases, Regional Underwriting will be required to submit the
coverage request for Corporate Underwriting Approval as well. DO NOT WAIT TO THE LAST MINUTE TO SUBMIT YOUR REQUEST.

B. Construction has been complete for at least five (5) months and no more construction is contemplated:

1. You must have satisfactory evidence that construction has been completed for at least five months.

2. Do a down date of the title covering the period from: (i) the date of the policy up to the present if there have been no down date endorsements issued during construction; or (ii) the date of the last issued down date endorsement up to the present. Your title down date must reveal there are no mechanics’ liens filed of record against the property. If your title down date reveals any mechanics’ liens or you are aware of any unpaid bills for labor or materials, do not issue this endorsement without Regional Underwriting approval.

3. You must obtain a satisfactory Final Bills Paid Affidavit and Indemnity Agreement (see form attached) executed by the Owner that states: (i) all work has been completed; and (ii) all bills for labor and materials have been paid, or that all such bills have been paid except for those listed in the affidavit. If there are unpaid bills listed in the affidavit, you must arrange to pay them at closing. This affidavit should include an indemnity in favor of the Company.

4. You must obtain a satisfactory Final Bills Paid Affidavit and Indemnity Agreement (see form attached) executed by the Contractor that states: (i) all work has been completed; and (ii) all bills for labor and materials have been paid, or that all such bills have been paid except for those listed in the affidavit. If there are unpaid bills listed in the affidavit, you must arrange to pay them at closing. This affidavit should include an indemnity in favor of the Company.

5. If survey coverage or the T.19. Endorsement is requested, see Subsection C below.

C. Issuing Survey Coverage and/or T.19 Coverage After Completion of Improvements- All Policies:

1. Survey Coverage

a. Survey Coverage Previously Issued- If the standard survey exception was amended under P-2 when the policy was originally issued and the insured requests that this coverage be extended to the date of this endorsement, you must be furnished with a current and satisfactory survey of the property that shows the location of the recently completed improvements. The survey must comply with P-2 and the underwriting guidelines of the Company for surveys. See Section, Area and Boundary Amendment- Form T-3

b. Survey Coverage Not Previously Issued- If the standard survey exception was not amended under P-2 upon the original issuance of the policy, but the insured requests that the standard survey exception be amended as of the date of the
endorsement, the insured must pay the applicable premium set forth in Rate Rule R-16 and you must be furnished with a current and satisfactory survey of the property that shows the location of the recently completed improvements. The survey must comply with P-2 and the underwriting guidelines of the Company for surveys. See Section, *Area and Boundary Amendment- Form T-3*

2. **Endorsement T-19**

   a. **T-19 Endorsement Previously Issued** - If the T-19 Endorsement was issued when the policy was originally issued and the insured requests that the T-19 coverages be extended to the date of this endorsement, you must be furnished with a current and satisfactory survey of the property that shows the location of the recently completed improvements. The survey must comply with Procedural Rule P-2 and the underwriting guidelines of the Company for surveys generally. The T-19 coverages may be extended only upon compliance with the underwriting guidelines of the Company for the issuance of the T-19 Endorsement generally. For the underwriting guidelines of the Company for issuance of the T-19 Endorsement. See Section, *Restrictions, Encroachments & Minerals Form T-19."

   b. **T-19 Endorsement Not Previously Issued** - If the T-19 Endorsement was not issued when the policy was originally issued, but the insured requests that the T-19 Endorsement be issued as of the date of this endorsement, you must be furnished with a current and satisfactory survey of the property that shows the location of the recently completed improvements. The survey must comply with Procedural Rule P-2 and the underwriting guidelines of the Company for surveys generally. The issuance of the T-19 endorsement is subject to the underwriting guidelines of the Company for the issuance of said endorsement, and the payment of the applicable premium set forth in Rate Rule R-29. For the underwriting guidelines of the Company for issuance of the T-19 Endorsement. See Section *Restrictions, Encroachments & Minerals Endorsement Form T-19.*

5. **RATE RULE:** None, except if Survey Coverage is issued (R-16) or T.19 Coverage (R-29)

6. **COMPLETING THE FORM:**

   a. Insert the following information into the endorsement form T-3:

   b. Loan Policy Number:

   c. Date of the endorsement;

   d. Delete the “mechanics' liens” exception from the policy by inserting the exception number where it appeared in the policy in paragraph 1 of the endorsement. NOTE: The “pending disbursements” exception is automatically deleted by the wording of the endorsement language in paragraph 1. See ENDORSEMENT INSTRUCTIONS, SECTION II B, subparagraph (1);
e. If requested by the insured, update or amend the standard survey exception by inserting the promulgated language set forth in the ENDORSEMENT INSTRUCTIONS, SECTION II B, subparagraph (3); and

f. If requested by the insured, update or issue the T-19 Endorsement by inserting the promulgated language set forth in the ENDORSEMENT INSTRUCTIONS, SECTION II B, subparagraph (4). If any of the insuring provisions of the T-19 must be deleted, insert the applicable paragraph numbers of the deleted provisions in the appropriate blank.

Endorsement Instructions II B:

“II. USE UPON COMPLETION OF IMPROVEMENTS.

Upon the completion of improvements and after compliance with Procedural Rule P-8.a.(2) or b.(2), Procedural Rule P-50, and Rate Rules R-16 and R-29, if applicable, the following language may be inserted into the Endorsement:

“B. In Mortgagee Policies - Rule P-8.b(2)

1. Exception No. ____________ of Schedule B and the Pending Disbursement Clause in said policy are hereby deleted.”

2. Said policy is hereby amended so that its coverage as to all loss or damage against mechanics’ and materialmen's liens shall relate to the date of this Endorsement instead of the date of said policy.

3. Only in the event there is a specific request that the exception as to area and boundaries, etc., be amended and when a current, acceptable survey, showing all completed improvements, is furnished to the Company, the following language contained in the applicable subdivision below may be inserted and shown as No. 3 of the Endorsement form. In the event no amendment is to take place, no No. 3 will be included. The types of exceptions and the correct wording to be inserted are as follows:

(a) Area and boundaries exception previously amended--

‘The Company affirms the amendment of the exception as to area and boundaries of the above numbered policy, such amendment to be effective as of the date of this Endorsement.’

(b) Area and boundaries exception NOT previously amended--

‘Exception as to area and boundaries of the above numbered policy is hereby eliminated save and except any shortages in the area.’

4. Only in the event there is a specific request that the T-19 Endorsement be issued and when the Company's underwriting requirements have been met, the following language contained in the applicable subdivision below may be inserted and shown as No. 4 of the Endorsement form. In the event the endorsement is not to be issued or the coverage affirmed, no No. 4 will be included. The correct wording to be inserted is as follows:
(a) T-19 Endorsement previously issued -

‘The Company affirms the coverage provided in the T-19 Endorsement issued in connection with the above numbered policy, such coverage to be effective as of the date of this Endorsement.’

"The following subparagraph(s) of this endorsement are deleted: ____________________________"

(b) T-19 Endorsement NOT previously issued -

‘T-19 Endorsement in the form attached hereto is made a part of the above numbered policy’. 

‘The following subparagraph(s) of this endorsement are deleted: ____________________________’
FINAL BILLS PAID AFFIDAVIT AND INDEMNITY AGREEMENT

Date:

GF No.:
Title Company:
Underwriter:
Owner(s) [including address]:

Original Contractor [including address]:

Property: [include legal description]

On this day before me personally appeared Owner and Original Contractor, to me personally known, who, being duly sworn on their oaths, did say that all of the persons, firms, and corporations, including the Original Contractor and all sub-contractors, who have furnished services, labor, or materials, or extra items, according to plans and specifications or otherwise, used in the construction or repair of buildings and improvements on the real property described above, have been paid in full and that such work was fully completed on or before [date] and accepted by Owner, free and clear of any mechanic’s lien whatever, all such liens or claims for lien being hereby expressly waived.

Affiants further say that no unsatisfied claims for lien or payment have been made to either of the affiants by, nor is any suit threatened or pending on behalf of any contractor, sub-contractor, laborer, or materialman, and further that no chattel mortgages, conditional sale contracts, security agreements, financing statements, retention of title agreements, or personal property leases have been given or are now outstanding as to any materials, fixtures, appliances, furnishings, or equipment placed upon or installed in or upon the aforesaid premises or the improvements thereon, and all plumbing, heating, lighting, refrigerating, and other equipment is fully paid for, including all bills for the repair thereof, except as follows: (if none, state “none”)

Affiants hereby request Title Company and its Underwriter to issue its policy or policies of title insurance upon the Property without exception therein to any possible unfiled mechanic’s or materialman’s liens, and in connection therewith, and as an inducement therefor, said affiants do hereby, jointly and severally, agree to indemnify and hold Title Company and its Underwriter harmless from and against all loss, cost, damage and expense of every kind, including attorney’s fees that Underwriter shall or may suffer or incur or become liable for under its said policy or policies now to be issued, or any reissue, renewal or extension thereof, or new policy at any time issued upon said real estate, part thereof or interest therein, arising, directly or indirectly, out of or on account of any such mechanics’ or materialman’s lien or liens or claim or claims or in connection with its enforcement of its right under this agreement. All representations, agreements of indemnity, and waivers herein contained shall also inure to the benefit of any party assured under any policy issued on the Underwriter, and any action brought hereon may be instituted in the name of Underwriter or said assured or both.
This affidavit is given to induce Title Company and its Underwriter to issue its title insurance policy or policies.

NOTE: Where the premises are owned by two or more owners, both should be named as affiants and both should sign. Where corporations are involved, the names of the affiants and the signatures should be those of officers of the corporations, preferably the Presidents.

__________________________________
Owner of Property

__________________________________
Original Contractor

STATE OF _________________________
COUNTY OF _______________________

Subscribed, and sworn to before me by ____________________________ on this _______ day of ________________________, 20__.  

__________________________________
Notary Public

STATE OF _________________________
COUNTY OF _______________________

Subscribed, and sworn to before me by ____________________________ on this _______ day of ________________________, 20__.  

__________________________________
Notary Public

For use with corporate landowner and/or corporate contractor:
_________a corporation of the State of _____________ joins in the execution of this instrument for the purpose of adopting all the representations of fact made in the foregoing affidavit and hereby joins all the agreements of indemnity and waivers therein contained.

__________________________________
Name of Corporation

By: ____________________________
Name: ____________________________
Its: ____________________________
CONDOMINIUM ENDORSEMENT- FORM T-28

1. PURPOSE:

The Condominium Endorsement provides insurance to lenders having loans secured by a condominium unit. The endorsement insures that the unit is part of a condominium regime compliant with Texas law governing the creation and maintenance of condominiums.

2. APPLICABLE POLICIES:

May be issued contemporaneously with a Loan Policy covering residential real property that is a condominium unit.

3 PROCEDURAL RULE: 9b(15)

“A Company may issue its Condominium Endorsement T-28 to a contemporaneously issued Mortgagee Policy on or after the date Rate Rule R-11.m is effective, if its underwriting requirements are met and if it is paid the premium, if any, described in Rate Rule 11.m. The Company may delete any insuring provision if it does not consider that risk acceptable. The Company may not issue the Condominium Endorsement (T-28) if the land covered by the policy is not residential real property. Any insured matter that may be covered by a Condominium Endorsement (T-28) may be insured only by the use of the Condominium Endorsement (T-28). This endorsement may not be issued in conjunction with the Planned Unit Development Endorsement (T-17).”

NOTE: The P-9b(15) states that the corresponding rate rule for this endorsement is found in ‘R-11.m’. However, the applicable rate rule for the Condominium Endorsement (T-28) is found in Rate Rule R-11(l). The rate rule was re-numbered pursuant to Commissioner Order No. 10-0960, 2008 Texas Title Insurance Biennial Rate Hearing.

4. UNDERWRITING REQUIREMENTS:

a. The T-28 can only be issued if the condominium is residential real property;

b. The T-28 endorsement may not be issued in conjunction with the P-17 Planned Unit Development endorsement; and

c. You must review the condominium declaration and plat to confirm that it complies with the Texas statutes for creating a condominium regime. To verify the condominium is compliant with applicable Texas statutes, please confirm the following checklist requirements have been fulfilled. If any of the requirements presented below cannot be met, contact Regional Underwriting for guidance and approval prior to issuance.
CHECKLIST FOR ISSUING T-28

Section 1 of the T-28 insures against loss if the unit and common elements described in Schedule A are not part of a condominium as defined by Texas statute, and Section 2 insures against loss if the failure of the condominium regime to be compliant with Texas statute affects title to the unit and its common elements.

(i) Declarations

| ☐ | Condo regime was created on or after January 1, 1994. For condominium regimes created before January 1, 1994, contact Regional Underwriting. |
| ☐ | Signed by each and every owner of the property subject to the condominium regime. |
| ☐ | Recorded in each county where the condo project will be located. |
| ☐ | Specify the name of the condominium, which must include the word “condominium”. |
| ☐ | Specify the name of the condominium association. |
| ☐ | Specify that name of each county in which the condominium is located. |
| ☐ | Contain a legally sufficient description of the real property included in the condominium regime. |
| ☐ | Contain a description of the boundaries of each unit, including the unit’s identifying number. |
| ☐ | Contain a statement of the maximum number of units the condominium declarant reserves the right to create. |
| ☐ | Description of the limited common elements; “limited common elements” being a portion of the common elements available for exclusive use by one or more units but not all the units (but excluding limited common elements relating to utilities, windows, doors, patios or balconies). |
| ☐ | Description of any of the real property that may become limited common elements, with statement that the property may become limited common elements. |
| ☐ | Describe of each unit’s undivided interest in the common elements, common expenses, and association votes (generally described in % of ownership and expenses and # of votes in the association). |
| ☐ | Specify any restrictions on use, occupancy, or transfer of ownership of the units. |
| ☐ | Specify the recording information for easements and licenses appurtenant affecting the condominium. |
| ☐ | Specify the method for amending the declarations. |
| ☐ | Contain a plat or plan of the condominium, or the recording information of the plat or plan (see below for requirements of the plat). |
| ☐ | Contain a statement of the association’s duty to repair/rebuild after a casualty or disposition of the insurance proceeds. |
| ☐ | Describe any developmental rights the declarant reserves, with legally sufficient description of the area subject to the reserved developmental rights, and time limit in which must use the developmental rights. |
The plat may be recorded with the declaration or separately

- The plat must be legible and contain a certification that all the following information required by §82.059, Texas Property Code, which is:
  - Condominium name and a survey or general schematic map of the entire condominium
  - Location and dimension of all real property, and improvements located within, that are not subject to developmental rights
  - Legally sufficient description of real property subject to developmental rights, with a label describing what type of developmental rights are applicable
  - Any encroachments by or on any portion of the condominium
  - “To the extent feasible”, a legally sufficient description of all easements serving the condominium or to which the condominium is burdened. Additionally, depiction of all utilities lines known to exist that are not within a recorded easement
  - Location, and dimensions and identifying number of any vertical unit boundaries not shown on plans
  - Location, and dimensions and identifying number of any horizontal unit boundaries not shown on plans
  - Legally sufficient description of any leasehold units
  - Distance between noncontiguous parcels of real property making up the condominium
  - Location and dimensions of limited common elements; “limited common elements” being a portion of the common elements available for exclusive use by one or more units but not all the units (but excluding limited common elements relating to utilities, windows, doors, patios or balconies)
  - If is real property not subject to developmental rights, then all other survey items required by law to be shown on survey
  - Distance and bearing between each building and from at least one boundary line of the condominium

The plat may also include (but is not required) designation of area of contemplated future improvements of the condominium. If included, the contemplated future improvements must be marked as either “MUST BE BUILT” or “NEED NOT BE BUILT”.

Section 3 of the T-28 insures against loss due to violation of any restrictions contained in the condominium declarations which restricts the use of the unit and its common elements – except violations relating to environmental protection unless a notice of the violation has been filed or recorded in the public records and is not excepted to in Schedule B of the policy. Section 3 also insures that the restrictions do not contain a forfeiture or revision of title.

- Verify no violations of restrictions exist at the time of closing which would prevent use of the unit, or delete this section.
- Verify the restrictions do not contain language providing for forfeiture or reverter, or delete this section.
- Any environmental protection notice filed for record must be shown in Schedule B of the policy.
Section 4 of the T-28 insures against loss if the restrictions provide for charge or assessment that would have priority over the insured mortgage described in Schedule A of the policy.

| ☐ Verify the restrictions do not provide for a charge or assessment that would have priority over the insured lien, then you must delete this section OR obtain a written subordination from the Homeowner Association stating that any charge or assessment would be subordinate to the insured mortgage lien. |

Section 5 of the T-28 insures against loss if the unit and its common elements are not entitled by law to be assessed for real property taxes as a separate parcel.

| ☐ If transaction is not of entire project, unit being sold must have own tax parcel id number OR the taxing authority must verify that the unit is eligible for its own tax parcel number and will be assigned its own tax parcel number in the next tax year. |
| ☐ If the unit does not have own tax parcel id number and tax authority will not verify the unit is eligible, all previous tax years taxes must have been paid, and you must obtain instructions from the seller and buyer (or borrower if is refinance) specifying: |
| • how current year taxes are to be determined; |
| • who pays what amount; and |
| • who is responsible for any additional taxes. |

Section 6 of the T-28 insures against loss resulting from obligation to remove any improvements that were existing as of Date of the Policy, because of present or future unintentional encroachment of the common elements upon any unit; or encroachment of any unit upon the common elements or another unit.

| ☐ Verify the unit is depicted on the existing plat and no encroachment is shown. Note: a survey is not required. If there are any encroachments, then you must delete this section OR review the restrictions to determine if there is an easement allowing for such encroachment. |
| ☐ If unit is new construction not shown on the existing plat, the condominium plat must be amended to show the unit. A survey is not required. |

Section 7 of the T-28 insures against loss due to failure of title by reason of right of first refusal to purchase the unit and its common elements existing at Date of Policy.

| ☐ Verify the declarations and deeds in the chain of title do not provide for a right of first refusal. |
| ☐ If a right of first refusal does exist, the right not has been exercised and must be released or this provision must be deleted and Regional Underwriting approval obtained. |

5. **RATE RULE: R-11.l. - $0.00**

“Endorsement as provided in P-9b(15) – When the Condominium Endorsement (T-28) is issued with a Mortgagee Policy in accordance with Rule P-9(15), the premium for each Condominium Endorsement (T-28) shall be $0.00.”
6. **COMPLETING THE FORM:**

Insert the following information into the endorsement form:

a. Loan Policy Number;

b. Date of the endorsement; and

c. If any particular coverage is to be deleted from the endorsement, you should delete coverage as follows:

   If pre-printed forms are included as part of the policy, the insuring provision should be deleted by manually striking through and initialing the provision, or deleting it electronically and inserting the following in its place: "**Insuring provision ____ is hereby deleted.**"

   If the Schedule A of the policy incorporates the endorsement by reference then, you must include a specific reference on Schedule B: "**Insuring provision ____ of the Condominium Endorsement (T-28) incorporated by reference in this policy is hereby deleted.**"
CONTIGUITY ENDORSEMENT- FORM T-25

1. PURPOSE:

Amends the policy to provide that the boundaries of two or more tracts in the policy are contiguous, and that there are no gaps, strips or gores separating the boundary lines of said contiguous and abutting tracts.

2. APPLICABLE POLICIES:

May be issued in conjunction with a Loan Policy (T-2) or Owner Policy (T-1) covering non-residential property. It may not be issued with previously issued Owner or Loan policies.

3. PROCEDURAL RULE: P-56

“A. A Company may issue its Contiguity Endorsement (T-25 or T-25.1) to a concurrently issued Loan Policy (T-2) or Owner Policy (T-1) on land which is not residential real property;
1. if title to each tract described in the Contiguity Endorsement (T-25) is insured by the policy;
2. if the Company receives a survey acceptable to it; and
3. if its underwriting requirements are met and if it is paid the premium prescribed in Rate Rule R-32.

B. The Company may add any exception to the endorsement that it considers, in its sole discretion, to be appropriate.

C. Any matter covered in the Contiguity Endorsement (T-25) may be insured only by the use of this endorsement.

D. If the insured non-residential land is composed of four or more parcels, or if the insured non-residential land is composed of irregularly shaped parcels, a Company may, in its discretion, issue the Contiguity Endorsement (T-25.1).”

4. UNDERWRITING REQUIREMENTS:

You must satisfy the following requirements:

a. The insured property must NOT be residential real property;
b. You must have a current survey acceptable to the Company that certifies that the tracts to be covered in the endorsement are contiguous (i.e.- touching) along their common boundary line;
c. Each tract of land to be identified in the endorsement must be insured by the Owner’s Policy or Loan Policy being endorsed;
d. If the tracts to be insured are only partially contiguous, contact Regional Underwriting; and
e. If the insured land contains four or more parcels, or if the insured land is composed of irregularly shaped parcels, the Form T-25.1 should be issued in lieu of the Form T-25.
5. **RATE RULE: R-32 - $100.00 each policy**

“When the Contiguity Endorsement (T-25) is issued with a Mortgagee Policy of Title Insurance (T-2) or Owner Policy (T-1), in accordance with Rule P-56, the premium for the Contiguity Endorsement (T-25) shall be $100 for each policy.”

6. **COMPLETING THE FORM:**

Insert the following information into the endorsement form:

- a. Owner’s Policy or Loan Policy Number;
- b. Date of the endorsement;
- c. Identify the parcels of land that are contiguous from the survey and insert the appropriate directional calls for the contiguous boundaries; and
- d. Any exception may be added to the endorsement that the Company considers, in its sole discretion, to be appropriate.
CONTIGUITY ENDORSEMENT- FORM T-25.1

1. PURPOSE:

Amends the policy to provide the boundaries of four or more tracts covered in the policy are contiguous, and that there are no gaps, strips or gores separating the boundary lines of said contiguous and abutting tracts. The T-25.1 may also be used in lieu of the Form T-25 Contiguity Endorsement when the insured land is composed irregularly shaped tracts.

2. APPLICABLE POLICIES:

May be issued in conjunction with a Loan Policy (T-2) or Owner Policy (T-1) covering non-residential property. It may not be issued with previously issued Owner or Loan policies.

3. PROCEDURAL RULE: P-56

“A. A Company may issue its Contiguity Endorsement (T-25 or T-25.1) to a concurrently issued Loan Policy (T-2) or Owner Policy (T-1) on land which is not residential real property;
1. if title to each tract described in the Contiguity Endorsement (T-25) is insured by the policy;
2. if the Company receives a survey acceptable to it; and
3. if its underwriting requirements are met and if it is paid the premium prescribed in Rate Rule R-32.

B. The Company may add any exception to the endorsement that it considers, in its sole discretion, to be appropriate.

C. Any matter covered in the Contiguity Endorsement (T-25) may be insured only by the use of this endorsement.

D. If the insured non-residential land is composed of four or more parcels, or if the insured non-residential land is composed of irregularly shaped parcels, a Company may, in its discretion, issue the Contiguity Endorsement (T-25.1).”

4. UNDERWRITING REQUIREMENTS:

You must satisfy the following requirements:

a. The insured land must NOT be residential real property;
b. You must have a current survey acceptable to the Company that certifies that the tracts to be covered in the endorsement are contiguous (i.e.- touching) along their common boundary line;
c. Each tract of land to be identified in the endorsement must be insured by the Owner’s Policy or Loan Policy being endorsed; and
d. The insured land contains four or more parcels, or is composed of irregularly shaped parcels.
5. **RATE RULE: R-32 - $100.00 each policy**

   “When the Contiguity Endorsement (T-25) is issued with a Mortgagee Policy of Title Insurance (T-2) or Owner Policy (T-1), in accordance with Rule P-56, the premium for the Contiguity Endorsement (T-25) shall be $100 for each policy.”

6. **COMPLETING THE FORM:**

   Insert the following information into the endorsement form:

   a. Owner’s Policy or Loan Policy Number;
   b. Date of the endorsement;
   c. Identify the parcels of the land that are contiguous from the survey. You do not have to specifically identify the contiguous boundary lines in the T-25.1; and
   d. Any exception may be added to the endorsement that the Company considers, in its sole discretion, to be appropriate.
CORRECTION ENDORSEMENT- FORM T-3

1. PURPOSE:

Amends the policy to correct errors contained in the original policy or interim construction binder.

2. APPLICABLE POLICIES:

May be issued to correct any previously issued Owner Policy, Loan Policy or Interim Construction Binder.

3. PROCEDURAL RULE: None, but see Endorsement Instruction IV (found in Sect. II, Basic Manual):

‘IV. CORRECTION OF POLICY OR BINDER.

The use of Endorsement T-3 in the Basic Manual is permitted for the purpose of stating a correction in the policy or binder as to typographical error, omission or addition of materials relating to facts that existed at the date of issue that clearly does not change the policy or binder as to any facts existing after date of issue nor extend its coverage beyond the point that should have been covered by the proper issue of a policy or binder.’

4. UNDERWRITING REQUIREMENTS:

a. This endorsement may only be used to correct typographical errors or omissions that occurred in the preparation of the policy or binder and relating to facts that existed at the time the policy was issued; and

b. The endorsement may not be used to extend coverage and it does not change the effective date of the policy.

5. RATE RULE: None

6. COMPLETING THE FORM:

Insert the flowing information on the endorsement form T-3:

a. Binder, Loan or Owner policy number;
   b. Date of the endorsement; and
   c. Insert the matter to be corrected.
DOWNDATE TO LOAN POLICY- FORM T-3

1. PURPOSE:

   When a loan policy is issued securing a construction loan for the cost of immediately contemplated improvements, Procedural Rule P-8(b) requires that the Loan Policy contain an exception stating that the liability amount under the policy is limited to the value of the land plus the amount actually expended or disbursed for construction. The downdate endorsement may be issued as periodic construction advances are made by the lender and amends the policy to increase the liability amount under the Loan Policy to reflect the total amount of construction disbursements made as of the effective date of the endorsement. This endorsement also extends the effective date of the policy and insures against loss if any mechanics’ liens, other than those shown in the endorsement, are filed of record prior to the date of the endorsement.

2. APPLICABLE POLICY:

   May be issued subsequent to a Loan Policy issued in accordance with Procedural Rule P-8.

3. PROCEDURAL RULES: P-9(b)(4)

   P-9(b) Mortgagee Policy

   “(4) Down Date Endorsement - When a Mortgagee Title Policy is issued in the manner provided in Rule P-8.b. and construction advances are being made subsequent to such issue, upon request and compliance with Rule R-11.c, the title insurance company which issued the Mortgagee Title Policy may extend the effective date of the said Mortgagee Title Policy and state the amount of coverage then existing under the policy, by issuing the Endorsement provided for in Form T-3, Instruction V. Items (a) 1, 2 and 3 of the Endorsement may not be deleted.”

4. UNDERWRITING REQUIREMENTS:

   a. Obtain written evidence from lender showing the total amount of construction advances that have been disbursed by the bank; and

   b. Obtain a title search through the requested date of the endorsement and contact Regional Underwriting as to any matters of concern that may have arisen during the search period.

   NOTE: Once construction is complete and a final downdate is obtained, the P-8 “pending disbursement” clause in the loan policy may be deleted with the issuance of a Completion of Improvements Endorsement—Loan Policy, Form T-3.

5. RATE RULE: R-11(c) - $50.00

   “Endorsement issued as provided in Rule P-9b(4)----A premium of $50.00 shall be charged for the issuance of each endorsement provided for in Rule P-9b(4).”
6. COMPLETING THE FORM:

Insert the following information into the endorsement form T-3 (Note: If you are not using pre-printed form, see below Endorsement Instruction V(B), Basic Manual, for the promulgated language for the endorsement).

a. Loan Policy Number;
b. Date of the endorsement (which should be the certification date of your plant; not the date of the issuance of the endorsement);
c. Paragraph a(3)- Except to any documents such as mechanics’ liens evidencing unpaid liens for labor or material discovered during a title search. If none found, delete the words “and except” from this paragraph or insert “none”;
d. Paragraph a(4)- Except to any matters discovered during the title search that are superior to the insured lien. If none, delete this paragraph;
e. Paragraph a(5)- Except to any matters discovered during the title search that are subordinate to the insured lien. If not, delete this paragraph; and
f. Paragraph b- Insert the total amount of all construction advances made through the date of the Endorsement.

Endorsement Instruction V(B):

“V. USE ONLY IN CONNECTION WITH INTERIM CONSTRUCTION ADVANCES SUBSEQUENT TO ISSUANCE OF FORM T-2 MORTGAGEE TITLE POLICY.”


When a Company is called upon to endorse a Mortgagee Title Policy at the time of periodic construction advances in the same transaction, and upon compliance with Rule P-9.b.(4), said Company may issue the Endorsement by inserting the following applicable provisions therein:

(a) Said Policy is hereby amended so that its coverage shall relate to the date of this Endorsement instead of the date of the policy, subject to:

1. The exceptions shown in Schedule B of said policy and in any prior Endorsement to said policy,
2. Matters which would be shown by a correct survey and inspection of the premises subsequent to the date of said policy,
3. Any and all liens arising by reason of unpaid bills or claims for work performed or material furnished in connection with the improvements being placed upon the subject land. The Company does, however, insure against loss, if any, sustained by the insured under the terms of the policy, if any such liens have been filed with the County Clerk of the County in which such property located prior to the date of this Endorsement, except those liens set forth in Schedule B of said policy or in any prior endorsement to said policy, and except: (Specify or delete immediately preceding words "and except").
4. The following additions to Schedule B of said policy: (Specify or delete this paragraph and include as exceptions only those additional matters which the Company has determined are superior to the lien described in Schedule A, Item 4, of said policy.).

5. The following matters which affect the title to the estate or interest in the land described or referred to in Schedule A of said policy, but Company insures the insured against loss, if any, sustained by the insured under the terms of the policy if such matters are not subordinate to the lien described in Schedule A, Item 4, of said policy: (Specify or delete this paragraph).

(b) The coverage under said policy as of the date hereof is $_____________________."
1. **PURPOSE:**

When the policy is issued that includes the cost of immediately contemplated improvements, Procedural Rule P-8(a) requires that the Owner Policy contain an exception limiting the liability amount under the policy to the value of the land plus the amount actually expended or disbursed for completion of construction. The downdate endorsement amends the policy to increase the liability amount under the owner policy to the amount actually expended on the improvements as of the effective date of the endorsement. This endorsement also extends the effective date of the policy and insures against loss if any mechanics' liens, other than those shown in the endorsement, are filed of record prior to the date of the endorsement.

2. **APPLICABLE POLICIES:**

May be issued subsequent to an Owner Policy.

3. **PROCEDURAL RULES: P-9(a)3**

“(3) When an Owner Policy is issued in the manner provided in Rule P-8.a, and the coverage thereunder increases as provided in Rule R-2, Rule P-8 or otherwise as provided in these Rules, upon request and compliance with Rule R-15, the title insurance company which issued the Owner Policy may extend the effective date of the said Owner Policy and state the amount then existing under such Policy by issuing the endorsement provided for in Form T-3, Instruction VIII, Items (a) 1, 2 and 3 of the endorsement may not be deleted.”

4. **UNDERWRITING REQUIREMENTS:**

   a. Obtain written evidence from the Owner and from the lender showing the total amount of construction advances that have been disbursed on the loan. If there is no lender, then you may rely on written verification from the Owner as to the amount actually expended on construction to date; and

   b. Obtain a title search through the requested date of the endorsement and contact Regional Underwriting as to any matters of concern that may have arisen during the search period.

**NOTE:** Once construction is complete and a final downdate is obtained, the P-8 limitation of liability clause in the loan policy may be deleted with the issuance of a Completion of Improvements Endorsement - Owner Policy, Form T-3.

5. **RATE RULE: R-15.b - $50.00**

“Increase in Coverage During Construction - A premium of $50.00 shall be charged for each T-3 Endorsement issued according to Instruction VIII, as provided in Rule P-9.a.(3).”
6. COMPLETING THE FORM:

Insert the following information into the endorsement form T-3 (Note: If you are not using pre-printed form, see below Endorsement Instruction VIII, Basic Manual, for promulgated language for the endorsement):

a. Owner Policy Number;
b. Date of the endorsement (which should be the certification date of the title plant, not the date the endorsement is issued);
c. Paragraph a(3)- Insert any matters such as mechanics' liens evidencing unpaid liens for labor or material discovered during a title search. If none found, delete the words "and except" from this paragraph;
d. Paragraph a(4)- Except to any matters discovered during the title search that are superior to the insured lien. If none, delete this paragraph; and
e. Paragraph b- Insert the value of the land plus the total amount of all construction advances made through the date of the Endorsement.

Endorsement Instruction VIII:

"VIII. USE ONLY IN CONNECTION WITH INCREASE IN COVERAGE SUBSEQUENT TO ISSUANCE OF FORM T-1 OWNER TITLE POLICY IN THE MANNER PROVIDED IN RULE P-8.a.

When a Company is called upon to endorse its Owner Title Policy to evidence increase in coverage thereunder, and upon compliance with Rule P-9.a.(3), said Company may issue the Endorsement by inserting the following applicable provisions therein:

(a) Said Policy is hereby amended so that its coverage shall relate to the date of this Endorsement instead of the date of the Policy, subject to:

1. The exceptions shown in Schedule B of said Policy and any prior Endorsement to said Policy,
2. Matters which would be shown by a correct survey and inspection of the premises subsequent to the date of said Policy,
3. Any and all liens arising by reason of unpaid bills or claims in with the improvements being placed upon the subject land. The Company does, however, insure the insured against loss, if any, sustained by the insured under the terms of the policy, if any such liens have been filed with the County Clerk of the County in which such property is located prior to the date of this Endorsement except those liens set forth in Schedule B of said Policy or in any prior Endorsement to said Policy, and except: (Specify or delete the words "and except" immediately preceding.),
4. The following additional to Schedule B of said Policy: (Specify or delete this paragraph)

(b) The coverage under said Policy as of the date hereof is $______________."
1. **PURPOSE:**

When construction advances are being made subsequent to the issuance of Mortgagee Title Policy Binder on Interim Construction Loan (“ICB”), the downdate endorsement may be issued to extend the effective date of the ICB.

2. **APPLICABLE POLICY:**

May be issued subsequent to a Mortgagee Title Policy Binder on Interim Construction Loan (T-13).

3. **PROCEDURAL RULES: P-9(b)(4)**

“When a Mortgagee Title Policy Binder on Interim Construction Loan is issued as provided in Procedural Rule P-16, and construction advances are being made subsequent to such issue, upon request and compliance with Rule R-11.c, the title insurance company which issued the Mortgagee Title Policy Binder on Interim Construction Loan may extend the effective date of the said Mortgagee Title Policy Binder on Interim Construction Loan by issuing the Endorsement provided for in Form T-3, Instruction VII. Items (a) 1 and 2 of the Endorsement may not be deleted.”

4. **UNDERWRITING REQUIREMENTS:**

Verify that a title search has been performed through the requested date of the endorsement and contact Regional Underwriting as to any matters of concern that may have arisen during the search period.

The ICB must not be expired ICB. NOTE: ICBs are effective for 1 year following the date of issuance and may be extended 6 times, with each extension being 6 months. See Interim Construction Binder- Form T-3

5. **RATE RULE: R-11(c) - $50.00**

R-11. Mortgagee Policy Endorsement----Applicable only as provided in rule P-9.

“Endorsement issued as provided in Rule P-9b(4)----A premium of $50.00 shall be charged for the issuance of each endorsement provided for in Rule P-9b(4).

6. **COMPLETING THE FORM:**

Insert the following information into the endorsement form (Note: If you are not using pre-pre-printed form, see below Endorsement Instruction VII, Basic Manual for the promulgated language of the endorsement; also shown below):

   a. ICB Number;
   b. Date of the endorsement (which should be the certification date of the title plant, not the date of the issuance of the endorsement);
c. Paragraph 3 - Insert any matters discovered during the title search that are superior to the insured lien. If none, delete this paragraph; and

d. Paragraph 4 - Insert any matters discovered during the title search that are superior to the insured lien. If none, delete this paragraph.

**Endorsement Instruction VII:**

“VII. USE ONLY IN CONNECTION WITH INTERIM CONSTRUCTION ADVANCES SUBSEQUENT TO ISSUANCE OF FORM T-13 MORTGAGEE TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN.”

“B. As to Mortgagee Title Policy Binders issued after September 30, 1991

When a Company is called upon to endorse a Mortgagee Title Policy Binder on Interim Construction Loan at the time of periodic construction advances in the same transaction, and upon compliance with Rule P-9.b.(4), said Company may issue the Endorsement by inserting the following applicable provisions therein:

Said Binder is hereby amended so that the date and time set forth in the first paragraph thereof shall be the ______day of _________, 19___, at _________ o'clock ___.M., subject to:

1. The exceptions shown in Schedule B of said Binder and in any prior Endorsement to said Binder,

2. Matters which would be shown by a correct survey and inspection of the premises subsequent to the date of said Binder,

3. The following additions to Schedule B-Part 1 of said Binder: (Specify or delete this paragraph and included as exceptions only those additional matters which the Company has determined are superior to the lien described in Schedule A of said Binder.),

4. The following additions to Schedule B-Part 2 of said Binder (which affect the title to the estate or interests in the land described or referred to in Schedule A of said Binder, but Company agrees to insure the insured against loss, if any, sustained by the insured under the terms of the Policy to be issued if such matters are not subordinate to the lien described in Schedule A of said Binder): (Specify or delete this paragraph.).

Notwithstanding the limitation in paragraph 4 of Schedule B-Part 1 of said Binder, the Company insures that no such liens have been filed with the County Clerk of the county in which such property is located prior to the date of this Endorsement except those liens set forth in Schedule B of said Binder or in any prior Endorsement to said Binder, and except: (Specify or insert "None" if applicable.)”
ENVIRONMENTAL PROTECTION LIEN- FORM T-36

1. PURPOSE:

The Environmental Protection Lien Endorsement Insures that the mortgage lien is not invalid, unenforceable and that there is no loss of priority due to certain recorded environmental liens.

2. APPLICABLE POLICY:

May be issued to a Loan Policy covering property used primarily for residential purposes.

3. PROCEDURAL RULE: P-9(b)(9)

“When a mortgagee policy is to be issued covering the lien securing an indebtedness against land used or to be used primarily for residential purposes, the company may, if it considers the risk insurable, attach to the policy endorsement Form T-36 with any applicable exceptions in paragraph (b) upon the payment of the premium prescribed in Rate Rule R-11.g.”

4. UNDERWRITING REQUIREMENTS

a. Verify that the property is land used or to be used primarily for residential purposes (apartment complex is acceptable); and

b. There must be no environmental liens or notices recorded in the real property records or you must take exception to said liens in Schedule B of the Loan policy.

5. RATE RULE: R-11(g) - $25.00

“Endorsement issued as provided in Rule P-9b(9)---A premium of $25.00 shall be charged for the issuance of each endorsement provided for in Rule P-9b(9).”

6. COMPLETING THE FORM:

Insert the following information into the endorsement form:

a. Owner’s Policy or Loan Policy Number;
b. Date of the endorsement; and
c. Under paragraph (b), insert the Texas statutes creating environmental liens  (NOTE: Consult underwriting if you these are not pre-printed; most will be pre-printed with these statutes).
1. **PURPOSE:**

The Equity Loan Mortgage Endorsement insures that a home equity loan is not invalid and unenforceable due to the failure to comply with the constitutional requirements governing the issuance of a home equity loan.

2. **APPLICABLE POLICIES:**

Must be issued to a Loan Policy insuring a Home Equity Loan.

3. **PROCEDURAL RULE:**

"P-44. Equity Loan Mortgage Endorsement (T-42)"

A. When a Mortgagee Policy of Title Insurance (T-2) is to be issued insuring the lien securing an extension of credit made pursuant to Subsection (a)(6) of Section 50, Article XVI, Texas Constitution, the Company shall attach to the Mortgagee Policy of Title Insurance (T-2) the Equity Loan Mortgage Endorsement (T-42).

B. The Company may delete any provision of paragraph 2 of the Equity Loan Mortgagee Endorsement (T-42) if it does not consider the additional risk insurable.

C. The Company may add subparagraph (f) to paragraph 2 of the Equity Loan Mortgage Endorsement (T-42) if it considers the risk insurable, provided that the following requirements are met:

   1. The promissory note secured by the insured mortgage and the insured mortgage must be executed by the borrower(s)/grantor(s) at the office of a title company and the insured mortgage must be acknowledged by the borrower(s)/grantor(s) at the office of a title company. For purposes of this subparagraph C(1), "the office of a title company" shall mean the leased or owned Texas office location(s) of: (a) a title insurance company; or, (b) a direct operation; or, (c) a title insurance agent; or, (d) an attorney conducting the attorney's business in the name of a title insurance company or direct operation or title insurance agent where the attorney and the attorney's bona fide employees who close transactions are licensed as escrow officers as provided in Article 9.42.C, Texas Insurance Code.

   2. Subparagraph (f) of paragraph 2 of the Equity Loan Mortgage Endorsement (T-42) must read as follows:

      "(f) The extension of credit secured by the lien of the insured mortgage being closed at a location other than the office of the lender, an attorney at law, or a title company, as set forth in Subsection (a)(6)(N) of Section 50, Article XVI, Texas Constitution."

D. The Company may not provide Express Insurance (pursuant to P-39) as to matters set forth in the Equity Loan Mortgage Endorsement (T-42)."
4. UNDERWRITING REQUIREMENTS:

You must issue the T-42 Endorsement on any transaction involving a Home Equity Lien in accordance with the guidelines below:

**T-42 UNDERWRITING CHECKLIST**

**GENERAL REQUIREMENTS**

1. The T-42 endorsement must be attached to any mortgagee policy that insures a home equity loan ("HEL"). The T-42 endorsement is optional, and should not be issued unless requested by the lender. See Section on T-42.1 for guidelines.

2. If any paragraph(s) of the T-42 endorsement must be deleted: (i) the promulgated deletion language from Procedural Rule P-44 (T-42) must be used; and (ii) you must disclose to the lender each coverage to be deleted and request lender to provide written authorization to proceed. Written authorization should be obtained using the Deletion Form (attached hereto).

3. Do not close and insure any HEL transaction if the documents are executed at a location other than your office without Regional Underwriting approval. For purposes of this checklist, “Your office” means your title company office located in Texas, and a) you are a direct operation of the Company; b) a title insurance agent; or c) a fee attorney conducting business in the name of the Company or a title insurance agent.

4. The lender is responsible and assumes the risk for constitutional requirements that are not affirmatively covered by the endorsement. Read the lender’s closing instructions carefully. The lender may attempt to shift the risk of its failure to satisfy other constitutional requirements to the title company agent through the wording of the loan instructions. If you have any questions, contact Regional Underwriting.

5. Do not close and insure any HEL transaction if a power of attorney ("POA") is being used by any party to the transaction without Regional Underwriting approval. Note: POAs will generally be acceptable if there appears to be a legitimate reason why the absent spouse is unavailable, and (i) the atty-in-fact is the spouse of the Principal, and the POA is a Texas statutory durable power of attorney; OR (ii) the POA specifically authorizes the HEL transaction you are insuring. Please see the Company’s UW Bulletin FNTG-TX-2011-43, Powers of Attorney, Use in Transactions for additional guidelines for reliance on POAs.

6. When insuring a HEL line of credit, you should verify that the HEL mortgage states it secures a HEL line of credit.

7. Do not close and insure any HEL transaction without Regional Underwriting approval if the owner is a trust, corporation, or other entity, or if you suspect or have reason to believe the insured property is not the homestead of the owner.

**SPECIFIC REQUIREMENTS FOR T-42 ENDORSEMENT**

<table>
<thead>
<tr>
<th>COVERAGE UNDER THE T-42</th>
<th>UNDERWRITING REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>[T-42 Paragraph 2(a)]</td>
<td>Delete Paragraph 2 (a) of the endorsement and do not insure the transaction without Regional Underwriting approval if the following is checked:</td>
</tr>
<tr>
<td>Execution Of The HEL Mortgage By The Owner And Owner’s Spouse</td>
<td>□ The HEL mortgage is not signed by every person owning an interest in the insured property, and that owner’s spouse.</td>
</tr>
</tbody>
</table>

(continued next page)
<table>
<thead>
<tr>
<th>COVERAGE UNDER THE T-42</th>
<th>UNDERWRITING REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>[T-42 Paragraph 2(b)]</td>
<td>Delete Paragraph 2 (b) of the endorsement and do not insure the transaction without Regional Underwriting approval if the following is checked:</td>
</tr>
</tbody>
</table>
| Insured Property Is Not Subject To The Agricultural/Open Space Use Exemption For Ad Valorem Tax Purposes | ☐ The insured property is subject to the agricultural/open space ("AG USE") exemption.  
Note 1: If the AG USE exemption has been removed from the insured property for the current year, or you are notified the owner will be removing the AG USE exemption before closing, contact Regional Underwriting for guidance.  
Note 2: If the insured property is subject to AG USE but it is used for "milk production", contact Regional Underwriting for guidance.  
Note 3: If the owner’s insured property is not subject to AG USE, but there is no access to the insured property without crossing over the owner’s adjoining property which is subject to AG USE, contact Regional Underwriting for guidance. |

| [T-42 Paragraph 2(c)]  | Delete Paragraph 2 (c) of the endorsement and do not insure the transaction without Regional Underwriting approval if the following is checked: |
| No Other Valid Liens Against The Homestead | ☐ The insured HEL is not the only lien against the homestead, unless the other liens are for: (i) purchase money; (ii) taxes; (iii) owelty; (iv) refinance of a lien against the homestead, including a federal tax lien resulting from both spouses; (v) mechanic's lien contract for improvements; or (vi) conversion and/or refinancing of a personal property lien against a manufactured housing unit. |

| [T-42 Paragraph 2(d)]  | Delete Paragraph 2 (d) of the endorsement and do not insure the transaction without Regional Underwriting approval if the following is checked: |
| No Other HEL Within The Past 12 Months | ☐ The new insured HEL closes and funds before the expiration of 1 year & 4 days from the date a prior HEL closed and funded. |

| [T-42 Paragraph 2(e)]  | Delete Paragraph 2 (e) of the endorsement and do not insure the transaction without Regional Underwriting approval if the following is checked: |
| HEL Mortgage Discloses It Is A HEL | ☐ The HEL mortgage does not contain a disclosure that it is a HEL mortgage (i.e., “an extension of credit under Section 50(a)(6), Article XVI, Texas Constitution”). |

| [T-42 Paragraph 2(f)]  | Delete Paragraph 2 (f) of the endorsement and do not insure the transaction without Regional Underwriting approval if the following is checked: |
| HEL Promissory Note And Mortgage Are Executed At The Office Of A Texas Title Company | ☐ The HEL promissory note and mortgage are not executed in your office.  
Note 1: If this coverage is deleted, you must delete the first eight (8) coverages set forth in Paragraphs 1(a) through 1(h), AND Paragraph 1(i) coverage of the T-42.1 Endorsement.  
Note 2: This coverage may be provided with Regional Underwriting approval if the HEL promissory note and mortgage are executed in the Texas office of another title company. |
5. **RATE RULE: R-28A – 10% of BPR**

“When a Loan Policy of Title Insurance (T-2) is issued and the Equity Loan Mortgage Endorsement (T-42) is issued in accordance with Rule P-44, the premium for the Equity Loan Mortgage Endorsement (T-42) shall be 10% of the Basic Premium Rate.”

6. **ISSUING THE FORM:**

Insert the following information on the endorsement form:

a. Loan Policy number;

b. Date of the endorsement; and

c. If there are certain provisions that must be deleted from the endorsement, you may delete the provision by inserting the following verbiage into the endorsement:

   “Subdivision ___ of Paragraph ___ of this Equity Loan Mortgage Endorsement (T-42) is hereby deleted. The Company does not insure against the failure to comply with the Subsection of the Constitution referred to in said subdivision of Paragraph ___.”
NOTICE TO LENDER OF THE DELETION OF CERTAIN HOME EQUITY LIEN COVERAGES
(For Use In Deleting Specific Endorsement T-42 And T-42.1 Coverages)

Date:
GF File No.:
Underwriter:
Owner (Borrower):
Lender:
Lender Loan No.:
Property:

Underwriter by and through its issuing agent, if any, is to issue its Mortgagee Policy of Title Insurance insuring the validity of a lien against the Property which secures an extension of credit pursuant to Subsection (a)(6) of Section 50, Article XVI, Texas Constitution (“Home Equity Lien”).

LENDER IS HEREBY ADVISED THAT NOTWITHSTANDING THE LENDER’S CLOSING INSTRUCTIONS TO THE CONTRARY, THE T-42 ENDORSEMENT AND T-42.1 ENDORSEMENT COVERAGES CHECKED BELOW SHALL BE DELETED FROM THE RESPECTIVE ENDORSEMENTS.

<table>
<thead>
<tr>
<th>T-42 ENDORSEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>COVERAGE UNDER THE ENDORSEMENT</td>
</tr>
<tr>
<td>----------------------------------</td>
</tr>
<tr>
<td>Failure of the home equity deed of trust to be executed by each owner and owner’s spouse.</td>
</tr>
<tr>
<td>The land not having an agricultural use tax exemption as provided by the Tax Code.</td>
</tr>
<tr>
<td>There being no other valid liens against the land other than valid liens created under Subsections (a)(1) through (a)(5) of Section 50, Article XVI, Texas Constitution.</td>
</tr>
<tr>
<td>There being no other home equity liens recorded in the preceding 12 months.</td>
</tr>
<tr>
<td>Failure of the home equity deed of trust to disclose that it is a home equity lien.</td>
</tr>
<tr>
<td>The home equity loan closed at a title company office. (Optional coverage)</td>
</tr>
</tbody>
</table>

*NOTE: IF THIS COVERAGE IS DELETED, COVERAGES 1(a) THROUGH 1(h) OF THE T-42.1 ENDORSEMENT MUST BE DELETED.*
### T-42.1 ENDORSEMENT

<table>
<thead>
<tr>
<th>COVERAGE UNDER THE ENDORSEMENT</th>
<th>T-42.1 PARAGRAPH REFERENCE</th>
<th>COVERAGE PROVIDED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>No borrower signatures before the date specified by the lender.</td>
<td>Paragraph 1(a)</td>
<td>☐ No</td>
</tr>
<tr>
<td>No loan proceeds disbursed before the fourth calendar day.</td>
<td>Paragraph 1(b)</td>
<td>☐ No</td>
</tr>
<tr>
<td>No early execution of “Election Not To Rescind” form.</td>
<td>Paragraph 1(c)</td>
<td>☐ No</td>
</tr>
<tr>
<td>Copy of documents provided to borrower.</td>
<td>Paragraph 1(d)</td>
<td>☐ No</td>
</tr>
<tr>
<td>Fees shown on the settlement statement are identical to the fees disbursed by the title company.</td>
<td>Paragraph 1(e)</td>
<td>☐ No</td>
</tr>
<tr>
<td>No blanks in an instrument.</td>
<td>Paragraph 1(f)</td>
<td>☐ No</td>
</tr>
<tr>
<td>Attachment of “Appraisal” or “Evaluation as to Fair Market Value” to “Acknowledgment of Fair Market Value”.</td>
<td>Paragraph 1(g)</td>
<td>☐ No</td>
</tr>
<tr>
<td>Timely signature of “Acknowledgment as to Fair Market Value”.</td>
<td>Paragraph 1(h)</td>
<td>☐ No</td>
</tr>
<tr>
<td>No part of land not being homestead.</td>
<td>Paragraph 1(i)</td>
<td>☐ No</td>
</tr>
<tr>
<td>No other land held by owner which is subject to a home equity loan.</td>
<td>Paragraph 1(j)</td>
<td>☐ No</td>
</tr>
<tr>
<td>No other land held by owner which has a home equity lien which was recorded and released (closed) within the past 12 months.</td>
<td>Paragraph 1(k)</td>
<td>☐ No</td>
</tr>
<tr>
<td>Owner provided with a copy of the final settlement statement prepared by the Company one (1) calendar day before the business day or subsequent calendar day that the owner executed the home equity lien mortgage.</td>
<td>Paragraph 1(l)</td>
<td>☐ No</td>
</tr>
</tbody>
</table>

**UNDERWRITER BY AND THROUGH ITS TITLE AGENT, IF ANY, SHALL NOT CLOSE AND FUND THE HOME EQUITY LOAN TRANSACTION UNLESS THIS DELETION NOTICE IS SIGNED BY AN AUTHORIZED OFFICER OF THE LENDER.**

**AGREED AND ACCEPTED TO BY LENDER:**

By: ________________________________

Name Printed: ________________________________

Title: ________________________________
EQUITY LOAN MORTGAGE ENDORSEMENT-SUPPLEMENTAL COVERAGE-
FORM T-42.1

1. PURPOSE:

The Equity Loan Mortgage Endorsement-Supplemental coverage insures that the home equity lien is not invalid, unenforceable, and no loss of priority due to a lack of compliance with eleven specific or related constitutional requirements.

2. APPLICABLE POLICIES:

The T-42.1 is a supplemental endorsement to a Loan Policy insuring a Texas Home Equity loan. The T-42.1 may not be issued unless Form T.42 is attached to the Loan Policy (T-2).

3. PROCEDURAL RULE: P-47

Supplemental Coverage Equity Loan Mortgage Endorsement
“A. General Requirements
When a Mortgagee Policy of Title Insurance (T-2) is to be issued insuring the lien securing an extension of credit made pursuant to Subsection (a)(6) of Section 50, Article XVI, Texas Constitution, the Company may attach the Mortgagee Policy of Title Insurance (T-2) and the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if the Company considers the risk insurable and the Company complies with this Procedural Rule P-47. The general requirements and limitations for issuance of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) are as follows:

(1) The Company shall not attach the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) to the Mortgagee Policy of Title Insurance (T-2) unless:
   (a) The Equity Loan Mortgage Endorsement (T-42) is attached to said Mortgagee Policy of Title Insurance; and
   (b) The Company has complied with the provisions of Procedural Rule P-44 concerning the attachment of the Equity Loan Mortgage Endorsement (T-42) to the Mortgagee Policy of Title Insurance (T-2).

(2) The Company may delete any provision of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if it does not consider the additional risk insurable. The following language may be placed along side each lettered subparagraph reference contained in paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) which the Company determines to delete:

‘Item _______ of paragraph 1 of this Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) is hereby deleted.’

The Company shall complete the blank with the appropriate subparagraph letter of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if the above format is utilized.

(3) The Company shall not provide Express Insurance (pursuant to P-39) as to matters set forth in the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1), whether or not the Company issues T-42.1.
(4) The Company must delete subparagraphs (a) through (h) and subparagraph (1) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if:

(a) the insured mortgage and the promissory note secured thereby are not executed at the office of a title company in accordance with Procedural Rule P-44(c)(1); or,

(b) the Company deletes subparagraph 2(f) of the Equity Loan Mortgage Endorsement (T-42).

In order to evidence the deletion required by this subsection of P-47.A.(4), the following language may be stated on the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) in place of subparagraphs (a) through (h) and subparagraph (1) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1). The following language may be used:

‘Subparagraphs (a) through (h) and subparagraph (1) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) are hereby deleted in their entirety.’

B. Specific Endorsement Paragraph Requirements

The requirements and limitations applicable for each numbered insuring provision of Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) are set forth in items 1 through 11 below:

(1) Signature Before Specified Date

The Company must delete subparagraph (a) of paragraph 1 of Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if:

(a) written instructions are not furnished by the insured to the Company or its Title Insurance Agent prior to the execution of the insured mortgage and the promissory note secured thereby;

(b) the written instructions do not state a specific calendar date that constitutes the earliest date for execution of the insured mortgage and the promissory note secured thereby.

(2) Loan Proceeds Disbursement Before Fourth Day

The Company must delete subparagraph (b) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if:

(a) the Company or its Title Insurance Agent does not disburse all loan proceeds received by the Company or its Title Insurance Agent; or

(b) any of the loan proceeds received by the Company or its Title Insurance Agent are disbursed sooner than four calendar days after the insured mortgage and promissory note are executed.

(3) Execution of Election Not to Rescind

The Company must delete subparagraph (c) of paragraph 1 of Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if a document purporting to evidence an election not to rescind the extension of credit secured by the lien of the insured mortgage is executed in the presence of an escrow officer at an office of the Company or its Title Insurance Agent on or
before the date that the insured mortgage and the promissory note secured thereby are executed.

(4) Document Copies

The Company must delete subparagraph (d) of paragraph 1 of Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if the Company or its Title Insurance Agent do not provide each owner of the land with a copy of all documents related to the extension of credit secured by the lien of the insured mortgage that were executed by the owner at an office of the Company or its Title Insurance Agency on the date that the owner executed the insured mortgage and the promissory note secured thereby.

(5) Fees

The Company must delete subparagraph (e) of paragraph 1 of Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if:

(a) any fees are collected or disbursed by the Company or its Title Insurance Agent and said fees are not shown on the final settlement statement which was prepared by the Company or its Title Insurance Agent and executed by the owner and the spouse, if any, of the owner; or

(b) no preliminary (unexecuted) settlement statement is requested from the Company or its Title Insurance Agent, by the lender named on the final settlement statement, prior to execution of the insured mortgage and promissory note by the owner or the spouse, if any, of the owner; or

(c) a preliminary (unexecuted) settlement statement was requested by and sent to the lender, and the fees on the final settlement statement executed by the owner, or the spouse, if any, of the owner exceed the amount of fees on the final (unexecuted) settlement statement sent to the lender prior to execution of the insured mortgage and promissory note secured thereby.

(6) Blanks in an Instrument

The Company must delete subparagraph (f) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if either (a) or (b) below occurs:

(a) There are any blanks in an instrument left to be filled in when executed by the owner of the land in an office of the Company or its Title Insurance agent, and:

(i) the instrument was prepared by the Company or its Title Insurance Agent, or

(ii) the instrument is: (a) the purported written acknowledgment as to the fair market value; (b) the insured mortgage; (c) the promissory note secured thereby; or, (d) affidavits of compliance with Section 50(a)(6), Article XVI, Texas Constitution.

(b) There are any blanks in an instrument left to be filled in when executed by the owner of the land in any of the following instruments when same are delivered to the Company or its Title Insurance Agent: (i) the purported written acknowledgment as to the fair market value; (ii) the insured mortgage; (iii) the promissory note secured thereby; or, (iv) affidavits of compliance with Section 50(a)(6), Article XVI, Texas Constitution.
(7) Attachment of Appraisal or Evaluation

The Company must delete subparagraph (g) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if the insured does not furnish to the Company or its Title Insurance Agent prior to execution of the insured mortgage and the promissory note secured thereby:

(a) a document purporting to be written acknowledgment as to the fair market value of the land; and
(b) a purported appraisal or evaluation which is attached to the purported written acknowledgment.

(8) Signature of Acknowledgment of Fair Market Value

The Company must delete subparagraph (h) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if:

(a) the purported written acknowledgment as to the fair market value is not provided by the insured to the Company or its Title Insurance Agent prior to the execution of the insured mortgage or the promissory note secured thereby; or
(b) the purported written acknowledgment is not executed by the owner at an office of the Company or its Title Insurance Agent on the date that the insured mortgage and the promissory note secured thereby are executed.

(9) No Land In Excess of Homestead Allotment

The Company must delete subparagraph (i) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if: (a) or (b) below is true:

(a) The Company does not receive a satisfactory affidavit from each owner of the land, and that owner’s spouse, stating that:

(i) all of the land is the homestead of the owner and that owner’s spouse; and,
(ii) no portion of the land is non-homestead property of the owner or owner’s spouse; and
(iii) the owner of the land, and that owner’s spouse do not claim other land as homestead, unless that other land is described in the affidavit.

(b) The Company does not receive one of the following:

(i) a satisfactory surveyor’s certificate or letter from a Texas Licensed Registered Professional Surveyor, stating the exact amount of acreage or square footage of the land and such other facts as may be required by the Company, including whether or not the land is located within the boundaries of an incorporated municipality; or,
(ii) a computation of the acreage or square footage of the land made pursuant to a software program designed for calculation of the acreage or square footage of the land and computer generated drawings of the boundaries of the land pursuant to entry of the boundary description calls.
(10) No Other Land With a Home Equity Mortgage

The Company must delete subparagraph (j) of paragraph 1 of Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if the Company does not receive a satisfactory affidavit from each owner of the land and that owner’s spouse, if any, stating:

(a) the owner and the owner’s spouse, if any, do not have or claim any other land as homestead for tax or other purposes except: (i) the land described in Schedule A of the Commitment for Title Insurance; and (ii) other land described in the affidavit; and,
(b) any business operated by the owner or the spouse of the owner, if any, and situated upon land owned or leased by the owner or owner’s spouse is not subject to an extension of credit pursuant to Subsection (a)(6) of Section 50, Article XVI, Texas Constitution; and,
(c) the residence, owned or leased by the owner or owner’s spouse, if any, at which the owner and the owner’s spouse live is not subject to an extension of credit pursuant to Subsection (a)(6) of Section 50, Article XVI, Texas Constitution.

The Company may add the phrase “or in an adjoining county” after the phrase “described in Schedule A is located” in subparagraph (j) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if (i) the land is located within the boundaries of an incorporated municipality; (ii) the municipality is located in more than one county; and, (iii) the Company considers the risk insurable.

(11) No Other Land With Released Home Equity Mortgage Within Past Twelve Months

The Company must delete subparagraph (k) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if the Company does not receive a satisfactory affidavit from each owner of the land and that owner’s spouse, if any, stating:

(a) the owner and the owner’s spouse, if any, do not have or claim any other land as homestead for tax or other purposes except: (i) the land described in Schedule A of the Commitment for Title Insurance; and (ii) other land described in the affidavit; and,
(b) any business operated by the owner or the spouse of the owner, if any, and situated upon land owned or leased by the owner or owner’s spouse has not been subject to an extension of credit pursuant to Subsection (a)(6) of Section 50, Article XVI, Texas Constitution, closed within one year prior to Date of Policy; and,
(c) the residence, owned or leased by the owner or owner’s spouse, if any, at which the owner and the owner’s spouse live has not been subject to an extension of credit pursuant to Subsection (a)(6) of Section 50, Article XVI, Texas Constitution, closed within one year prior to Date of Policy.

The Company may add the phrase “or in an adjoining county” after the phrase “described in Schedule A is located” in subparagraph (k) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if (i) the land is located within the boundaries of an incorporated municipality; (ii) the municipality is located in more than one county; and, (iii) the Company considers the risk insurable.

12. Final Disclosure of Fees

The Company must delete subparagraph (1) of paragraph 1 of the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) if the Company or its Title Insurance
Agent does not provide each owner with a copy of the final settlement statement at least one calendar day before the business day or subsequent calendar day that the owner executes the insured mortgage and the promissory note secured thereby. As used in this item 12, the term business day shall have the meaning assigned to such term by the Texas Finance Commission and/or the Texas Credit Union Commission pursuant to the authority granted such agencies by sections 11.308 and 15.413 of the Texas Finance Code, respectively.”

4. **UNDERWRITING REQUIREMENTS:**

You *may* issue the T-42.1 Endorsement on any transaction involving a Home Equity Lien in accordance with the guidelines below:

### SUPPLEMENTAL COVERAGE HOME EQUITY MORTGAGE CHECKLIST

<table>
<thead>
<tr>
<th><strong>T-42.1 UNDERWRITING CHECKLIST</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL REQUIREMENTS</strong></td>
</tr>
</tbody>
</table>

1. The [T-42 endorsement](#) must be attached to any mortgagee policy that insures a home equity loan (“HEL”).

2. The T-42.1 Endorsement is optional, and should not be issued unless requested by the lender. However if T-42.1 is issued, the T-42 must also be issued.

3. If any paragraph(s) of the T-42 and/or T-42.1 endorsement must be deleted: (i) the promulgated deletion language from Procedural Rule P-44 (T-42) or P-47 (T-42.1) must be used; and (ii) you must disclose to the lender each coverage to be deleted and request lender to provide written authorization to proceed. Written authorization should be obtained using the [Deletion Form](#) (attached to Equity Loan Mortgage Endorsement T-42).

4. Do not close and insure any HEL transaction if the documents are executed at a location other than your office without Regional Underwriting approval. For purposes of this checklist, “Your office” means your title company office located in Texas, and a) you are a direct operation of the Company; b) a title insurance agent; c) or a fee attorney conducting business in the name of the Company or a title insurance agent.

5. The lender is responsible and assumes the risk for constitutional requirements that are not affirmatively covered by the endorsement. Read the lender’s closing instructions carefully. The lender may attempt to shift the risk of its failure to satisfy other constitutional requirements to the underwriter/title agent through the wording of the loan instructions. If you have any questions as to the lender’s loan closing instructions, do not hesitate to contact Regional Underwriting.

6. Do not close and insure any HEL transaction if a power of attorney (“POA”) is being used by any party to the transaction without Regional Underwriting approval. **Note:** POAs will generally be acceptable if there appears to be a legitimate reason why the absent spouse is unavailable, and (i) the atty-in-fact is the spouse of the Principal, and the POA is a Texas statutory durable power of attorney; OR (ii) the POA specifically authorizes the HEL transaction you are insuring. Please see the Company’s UW Bulletin FNTG-TX-2011-43, *Powers of Attorney, Use in Transactions* for additional guidelines for reliance on POAs.

7. When insuring a HEL line of credit, you should verify that the HEL mortgage states it secures a HEL line of credit.

8. Do not close and insure any HEL transaction without Regional Underwriting approval if the owner is a trust, corporation, or other entity, or if you suspect or have reason to believe the insured property is not the homestead of the owner.

(continued next page)
### SPECIFIC REQUIREMENTS FOR T-42.1 ENDORSEMENT

<table>
<thead>
<tr>
<th>COVERAGE UNDER THE T-42.1</th>
<th>UNDERWRITING REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>[T-42.1 Paragraph 1(a)]</strong> No Signatures Before The Date Specified By The Lender</td>
<td>Delete Paragraph 1 (a) of the endorsement if any of the following are checked:</td>
</tr>
<tr>
<td></td>
<td>□ The HEL promissory note and mortgage are not executed at your office or the office of another Texas title company approved by Regional Underwriting. Note: If the HEL promissory note and mortgage are not executed at the office of a Texas title company, the optional Paragraph 2(f) coverage of the T-42 endorsement may not be provided to the lender either.</td>
</tr>
<tr>
<td></td>
<td>□ The lender does not furnish written closing instructions prior to the execution of the HEL promissory note and mortgage.</td>
</tr>
<tr>
<td></td>
<td>□ The lender’s written closing instructions do not state a specific calendar date that is the earliest date the HEL promissory note and mortgage are to be executed.</td>
</tr>
</tbody>
</table>

| **[T-42.1 Paragraph 1(b)]** No Loan Proceeds Disbursed Before The Fourth (4th) Calendar Day | Delete Paragraph 1 (b) of the endorsement if any of the following are checked: |
| | □ The HEL promissory note and mortgage are not executed at your office or the office of another Texas title company approved by Regional Underwriting. Note: If the HEL promissory note and mortgage are not executed at the office of a Texas title company, the optional Paragraph 2(f) coverage of the T-42 endorsement may not be provided to the lender either. |
| | □ You do not disburse ALL of the loan proceeds received from the lender. |
| | □ You disburse any of the loan proceeds SOONER that the fourth (4th) calendar day after the HEL promissory note and mortgage are executed. |

| **[T-42.1 Paragraph 1(c)]** No Early Execution Of The “Election Not To Rescind” Form (Right of Rescission) | Delete Paragraph 1 (c) of the endorsement if any of the following are checked: |
| | □ The HEL promissory note and mortgage are not executed at your office or the office of another Texas title company approved by Regional Underwriting. Note: If the HEL promissory note and mortgage are not executed at the office of a Texas title company, the optional Paragraph 2(f) coverage of the T-42 endorsement may not be provided to the lender either. |
| | □ The “Election Not To Rescind” form is not provided by the lender in the loan package. |
| | □ The “Election Not To Rescind” form is executed on or before the execution of the HEL promissory note and mortgage. |

(continued next page)
### SPECIFIC REQUIREMENTS FOR T-42.1 ENDORSEMENT

<table>
<thead>
<tr>
<th>COVERAGE UNDER THE T-42.1</th>
<th>UNDERWRITING REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>[T-42.1 Paragraph 1(d)]</td>
<td>Delete Paragraph 1 (d) of the endorsement if any of the following are checked:</td>
</tr>
<tr>
<td>Document Copies</td>
<td>- The HEL promissory note and mortgage are not executed at your office or the office of another Texas title company approved by Regional Underwriting.</td>
</tr>
<tr>
<td></td>
<td>Note: If the HEL promissory note and mortgage are not executed at the office of a Texas title company, the optional Paragraph 2(f) coverage of the T-42 endorsement may not be provided to the lender either.</td>
</tr>
<tr>
<td></td>
<td>- Copies of the HEL documents are not provided to the owner at the time the HEL documents are executed. Note: If a husband and wife are in title, or only one spouse is in title, only one copy of all of the HEL documents must be provided to the owner.</td>
</tr>
<tr>
<td></td>
<td>Note: See Appendix for sample form for Owner to execute acknowledging receipt of HEL documents</td>
</tr>
<tr>
<td>[T-42.1 Paragraph 1(e)]</td>
<td>Delete Paragraph 1 (e) of the endorsement if any of the following are checked:</td>
</tr>
<tr>
<td>Fees Shown On The Settlement Statement Are Identical To The Fees Disbursed By The Title Company</td>
<td>- The HEL promissory note and mortgage are not executed at your office or the office of another Texas title company approved by Regional Underwriting.</td>
</tr>
<tr>
<td></td>
<td>Note: If the HEL promissory note and mortgage are not executed at the office of a Texas title company, the optional Paragraph 2(f) coverage of the T-42 endorsement may not be provided to the lender either.</td>
</tr>
<tr>
<td></td>
<td>- The lender does not request a preliminary settlement statement prior to the execution of the HEL promissory note and mortgage.</td>
</tr>
<tr>
<td></td>
<td>- A preliminary settlement statement prepared by your company is requested and sent to the lender, and the fees shown on the final settlement statement executed by the owner and owner’s spouse, if any, EXCEED the amount of the fees shown on the final settlement statement approved by the lender prior to the execution of the HEL promissory note and mortgage.</td>
</tr>
<tr>
<td>[T-42.1 Paragraph 1(f)]</td>
<td>Delete Paragraph 1 (f) of the endorsement if any of the following are checked:</td>
</tr>
<tr>
<td>No Blanks In Instruments</td>
<td>- The HEL promissory note and mortgage are not executed at your office or the office of another Texas title company approved by Regional Underwriting.</td>
</tr>
<tr>
<td></td>
<td>Note: If the HEL promissory note and mortgage are not executed at the office of a Texas title company, the optional Paragraph 2(f) coverage of the T-42 endorsement may not be provided to the lender either.</td>
</tr>
<tr>
<td></td>
<td>- There are blanks (other than signature lines) left to be filled in any of the following documents after their execution in your office: (i) title company forms; (ii) acknowledgment of fair market value; (iii) HEL promissory note; (iv) mortgage; and (v) affidavits of compliance with Section 50(a)(6), Article XVI, Texas Constitution.</td>
</tr>
<tr>
<td>SPECIFIC REQUIREMENTS FOR T-42.1 ENDORSEMENT</td>
<td></td>
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<tr>
<td>---------------------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>COVERAGE UNDER THE T-42.1</strong></td>
<td></td>
</tr>
<tr>
<td>[T-42.1 Paragraph 1(g)]</td>
<td></td>
</tr>
<tr>
<td>Attachment Of Appraisal Or Evaluation Of</td>
<td></td>
</tr>
<tr>
<td>The Fair Market Value Of The Property To</td>
<td></td>
</tr>
<tr>
<td>The “Acknowledgment Of Fair Market Value”</td>
<td></td>
</tr>
<tr>
<td>Delete Paragraph 1 (g) of the endorsement if any of the following are checked:</td>
<td></td>
</tr>
<tr>
<td>□ The HEL promissory note and mortgage are not executed at your office or the</td>
<td></td>
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<tr>
<td>office of another Texas title company approved by Regional Underwriting.</td>
<td></td>
</tr>
<tr>
<td>Note: If the HEL promissory note and mortgage are not executed at the office</td>
<td></td>
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<tr>
<td>of a Texas title company, the optional Paragraph 2(f) coverage of the T-42</td>
<td></td>
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<tr>
<td>endorsement may not be provided to the lender either.</td>
<td></td>
</tr>
<tr>
<td>□ A document purporting to be the “Acknowledgment Of Fair Market Value” is</td>
<td></td>
</tr>
<tr>
<td>not furnished to you by lender prior to the execution of the HEL promissory</td>
<td></td>
</tr>
<tr>
<td>note and mortgage.</td>
<td></td>
</tr>
<tr>
<td>□ A document purporting to be the “Appraisal” or “Evaluation” of the fair market</td>
<td></td>
</tr>
<tr>
<td>value of the property is not furnished to you by lender prior to the execution</td>
<td></td>
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<tr>
<td>of the HEL promissory note and mortgage.</td>
<td></td>
</tr>
<tr>
<td>[T-42.1 Paragraph 1(h)]</td>
<td></td>
</tr>
<tr>
<td>Signature Of The “Acknowledgment Of Fair</td>
<td></td>
</tr>
<tr>
<td>Market Value”</td>
<td></td>
</tr>
<tr>
<td>Delete Paragraph 1 (h) of the endorsement if any of the following are checked:</td>
<td></td>
</tr>
<tr>
<td>□ The HEL promissory note and mortgage are not executed at your office or the</td>
<td></td>
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<tr>
<td>office of another Texas title company approved by Regional Underwriting.</td>
<td></td>
</tr>
<tr>
<td>Note: If the HEL promissory note and mortgage are not executed at the office</td>
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<tr>
<td>of a Texas title company, the optional Paragraph 2(f) coverage of the T-42</td>
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<td>endorsement may not be provided to the lender either.</td>
<td></td>
</tr>
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<td>□ A document purporting to be the “Acknowledgment Of Fair Market Value” is</td>
<td></td>
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<tr>
<td>not furnished to you by lender prior to the execution of the HEL promissory</td>
<td></td>
</tr>
<tr>
<td>note and mortgage.</td>
<td></td>
</tr>
<tr>
<td>□ The document purporting to be the “Acknowledgment Of Fair Market Value” is</td>
<td></td>
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<tr>
<td>not signed by the owner at the same time as the HEL promissory note and</td>
<td></td>
</tr>
<tr>
<td>mortgage.</td>
<td></td>
</tr>
<tr>
<td>[T-42.1 Paragraph 1(i)]</td>
<td></td>
</tr>
<tr>
<td>Part Of The Land Not Being The Homestead or</td>
<td></td>
</tr>
<tr>
<td>Land in excess of homestead allotment</td>
<td></td>
</tr>
<tr>
<td>Delete Paragraph 1 (i) of the endorsement and do not insure the transaction without</td>
<td></td>
</tr>
<tr>
<td>Regional Underwriting approval if any of the following are checked:</td>
<td></td>
</tr>
<tr>
<td>□ You are not furnished with either: (i) surveyor’s certificate or letter stating</td>
<td></td>
</tr>
<tr>
<td>the exact acreage or square footage of the land; or (ii) a computation of acreage</td>
<td></td>
</tr>
<tr>
<td>or square footage of the land by a computer generated software program</td>
<td></td>
</tr>
<tr>
<td>designed for such purpose.</td>
<td></td>
</tr>
<tr>
<td>□ The owner and owner’s spouse, if any, do not execute the Company’s Homestead</td>
<td></td>
</tr>
<tr>
<td>Affidavit (attached hereto) containing the information required by Procedural Rule</td>
<td></td>
</tr>
<tr>
<td>P-47 B(9)( swearing: (a) All of the property being the homestead; (b) No portion</td>
<td></td>
</tr>
<tr>
<td>not homestead; and (c) That owner/spouse claims no other property as homestead).</td>
<td></td>
</tr>
<tr>
<td>□ The insured land exceeds the legal homestead allotment noted below.</td>
<td></td>
</tr>
<tr>
<td>Urban- 10 acres; Rural- 100 acres for a single person; Rural- 200 acres for a</td>
<td></td>
</tr>
<tr>
<td>family</td>
<td></td>
</tr>
<tr>
<td><strong>Note:</strong> Be very careful if the insured land contains more than 10 acres. It is</td>
<td></td>
</tr>
<tr>
<td>often difficult to determine whether a property would constitute an urban or</td>
<td></td>
</tr>
<tr>
<td>rural homestead.</td>
<td></td>
</tr>
</tbody>
</table>
### SPECIFIC REQUIREMENTS FOR T-42.1 ENDORSEMENT

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<tr>
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</thead>
<tbody>
<tr>
<td><strong>[T-42.1 Paragraph 1(j)]</strong></td>
<td>Delete Paragraph 1 (j) of the endorsement and do not insure the transaction without Regional Underwriting approval if any of the following are checked:</td>
</tr>
<tr>
<td>No Other Land That Is Subject To A HEL</td>
<td>☐ The owner owns other land (other than the insured land) encumbered with a HEL.</td>
</tr>
<tr>
<td><em>If the insured land is located in more than one county, additional language may be added to this coverage. Contact Regional Underwriting for guidance.</em></td>
<td>☐ The owner and owner’s spouse, if any, do not execute the Company’s Homestead Affidavit containing the information required by Procedural Rule P-47 B(10) (swearing: (a) Neither borrower nor borrower’s spouse claims any other land as homestead for tax exemption or other purposes (check tax certificate for homestead exemption); and (b) No property owned by the borrower, on which the borrower resides or operates a business, is subject to a home equity loan).</td>
</tr>
</tbody>
</table>

| **[T-42.1 Paragraph 1(k)]** | Delete Paragraph 1 (k) of the endorsement and do not insure the transaction without Regional Underwriting approval if any of the following are checked: |
| No Other Land With A HEL That Has Closed Within The Past 12 Months | ☐ The owner owns other land (other than the insured land) encumbered with a HEL that has been closed and funded within 12 months of the closing and funding of the insured HEL. |
| *If the insured land is located in more than one county, additional language may be added to this coverage. Contact Regional Underwriting for guidance.* | ☐ The owner and owner’s spouse, if any, do not execute the Company’s Homestead Affidavit containing the information required by Procedural Rule P-47 B(11) (swearing (a) Borrower and borrower’s spouse, do not claim any other property as homestead other than property used as collateral for the home equity mortgage; and (b) No property owned by the borrower, on which the borrower resides or operates a business, is subject to a home equity loan closed within one year of the current home equity loan transaction). |

| **[T-42.1 Paragraph 1(l)]** | Delete Paragraph 1 (l) of the endorsement and do not insure the transaction without Regional Underwriting approval if any of the following are checked: |
| Copy of the Settlement Statement Prepared By Title Company Provided To Owner At Least One (1) Calendar Day Before The **Business Day The HEL Mortgage Is Executed | ☐ The HEL promissory note and mortgage are not executed at your office or the office of another Texas title company approved by Regional Underwriting. |
| *Note: If the HEL promissory note and mortgage are not executed at the office of a Texas title company, the optional Paragraph 2(f) coverage of the T-42 endorsement may not be provided to the lender either.* | ☐ Your company did not prepare the settlement statement utilized in the HEL transaction. |

(continued next page)
5. RATE RULE: R-28B – 15% of the BPR

“When a Loan Policy of Title Insurance (T-2) is issued and the Equity Loan Mortgage Endorsement (T-42) is issued in accordance with Rule P-44 and the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) is issued in accordance with Rule P-47, the premium for the Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) shall be 15% of the Basic Premium Rate.”

6. COMPLETING THE FORM

Insert the following information on the endorsement form:

a. Loan Policy number;
b. Date of the endorsement; and
c. For each provision deleted, the following language may be inserted into the endorsement: “Item ____ of paragraph 1 of this Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1) is hereby deleted.”
HOME EQUITY LOAN HOMESTEAD AFFIDAVIT
(For Use In Providing Endorsement T-42.1 Paragraph 1(i), 1(j), And 1(k) Coverages)

Date: 
GF File No.: 
Underwriter: 
Affiants (if married, must be signed by Husband and Wife): 
Lender: 
Property: 

Each Affiant on oath swears that the following statements are true:

1. I am over the age of eighteen (18) years, and I am fully competent to execute this affidavit.
2. [My spouse and] I reside upon and/or use, claim, and designate the Property described above as our legal homestead, whether residential or business.
3. All of the Property is my homestead [and the homestead of my spouse], and no portion of the Property is non-homestead property.
4. [My spouse and] I do not claim any other property as our homestead for tax or other purposes.
5. Any business operated by [my spouse or] me, if any, and situated upon the Property owned or leased by my spouse or me, is not currently subject to an extension of credit pursuant to Subsection (a)(6) of Section 50, Article XVI, Texas Constitution (“Home Equity Lien”).
6. Any business operated by [my spouse or] me, if any, and situated upon the Property owned or leased by my spouse or me, has not been subject to a Home Equity Lien which was closed within one (1) year prior to the date of this Affidavit.
7. The residence owned or leased by [my spouse or] me, if any, at which we live is not currently subject to a Home Equity Lien.
8. The residence owned or leased by [my spouse or] me, if any, at which we live has not been subject to a Home Equity Lien which was closed within one (1) year prior to the date of this Affidavit.
9. I have received a copy of each document signed by me at the office of the title company in connection with the Home Equity Lien.
10. I understand that this Affidavit is made for the purpose of inducing Underwriter by and through its issuing agent, if any, to issue its Mortgagee Policy of Title Insurance and T-
42.1 Supplemental Coverage Equity Loan Mortgage Endorsement, which insures the validity of a Home Equity Lien on the Property in favor of Lender.

11. I understand that Underwriter by and through its issuing agent, if any, are relying upon, and accept as true, the representations made in this Affidavit. In consideration thereof, I hereby agree to indemnify and hold harmless Underwriter and its issuing agent, if any, from all liability, claims, damages, costs, expenses, and attorney’s fees incurred by reason of the inaccuracy of any of the representations made in this Affidavit.

12. I am aware that the execution of a false affidavit may constitute perjury under both state and federal law, resulting in the imposition of criminal fines and/or imprisonment.

AFFIANT:


AFFIANT:


SWORN TO AND SUBSCRIBED before me on the day of , 20 , by and .

Notary Public, State of
FIRST LOSS ENDORSEMENT- FORM T-14

1. PURPOSE:

Modifies the terms and conditions of the Loan Policy regarding the criteria for how loss is determined under the policy. Specifically, the endorsement provides that a loss will be recognized whenever a title defect materially impairs the value of the collateral without requiring maturity of the indebtedness by acceleration of the debt and without requiring the lender pursue its remedies against collateral. Without the endorsement the lender would normally be required to foreclose or pursue other remedies to prove this loss before being able to make a claim.

2. APPLICABLE POLICIES:

May be issued with any Loan Policy (T-2) covering non-residential real property in which the insured mortgage is secured by other real property not covered in the policy.

3. PROCEDURAL RULE: P-9b(11)

“A Company may issue its First Loss Endorsement Form T-14 to a Mortgagee Policy (T-2), if (1) its underwriting requirements are met, (2) other property not described in the Mortgagee Policy is encumbered to secure payment of the indebtedness secured by the insured mortgage, and (3) the Company is paid the premium prescribed in Rate Rule R-11.i. The Company may not issue the First Loss Endorsement Form T-14 if the land covered by the policy is residential real property.”

4. UNDERWRITING REQUIREMENTS:

a. The land covered by the policy must be non-residential real property;

b. The proposed loan is secured by additional real property collateral not covered in the policy (you may rely on a written statement from the lender or deed of trust evidencing that the indebtedness is secured by another tract of land not covered in the policy); and

c. Since this endorsement changes the measure of damages under a loan policy to be closer to the measure of damages under an owner’s policy, underwriting should be handled as if coverage were being given under an owner’s policy. Therefore, a survey will be required to provide survey coverage, and matters considered for coverage under T-19 should be handled as if coverage were being given under T-19.1. Should you have questions, please contact Regional Underwriting.

5. RATE RULE: R-11i - $25.00

“Endorsement issued as provided in Rule P-9b(11)----When the First Loss Endorsement (T-14) is issued with a Mortgagee Policy of Title Insurance (T-2) in accordance with Rule P-9b(11), the premium for the First Loss Endorsement (T-14) shall be $25.00.”
6. **COMPLETING THE FORM:**

Insert the following information to the Endorsement form:

a. Loan Policy number; and  
b. Date of the endorsement.
FUTURE ADVANCE/REVOLVING CREDIT ENDORSEMENT- FORM T-35

1. PURPOSE:

The Future Advance/Revolving Credit Endorsement provides that the insured lien is not invalid, unenforceable, and no loss of priority due to provisions in the loan providing for future advances on a revolving line of credit. It also provides that subsequent loan advances are secured by the insured mortgage and will have the same priority as advances made at the date of the policy, subject to certain specific excluded matters.

2. APPLICABLE POLICIES:

May be issued contemporaneously with a Loan Policy.

3. PROCEDURAL RULE: P-9(b)8

“Future Advance/Revolving Credit (T-35). When a Loan Policy of Title Insurance is to be issued to insure the validity and priority of a lien created by a mortgage or deed of trust which secures a revolving credit promissory note or other such indebtedness where:

(1) a line of credit of a specific amount is extended to a borrower for the term of indebtedness,

(2) the amount of indebtedness actually outstanding at any particular time is subject to fluctuations up or down due to future disbursements of loan proceeds and/or future repayments thereof from time to time over the term of the indebtedness (which disbursements and repayments are contemplated by the parties at the time the indebtedness is created), and

(3) repayments by the borrower neither reduce nor increase the original line of credit extended nor affect the borrower's liability to repay the principal sum of all outstanding disbursements plus all accrued interest thereon, the Company upon request and compliance with Rule R-11.f shall attach to said Loan Policy of Title Insurance the Future Advance/Revolving Credit Endorsement.

The Future Advance/Revolving Credit Endorsement shall be available only where the mortgage or deed of trust creating the lien to be insured discloses to the satisfaction of the Company that the indebtedness secured thereby is a revolving type of indebtedness as set forth above.”

4. UNDERWRITING REQUIREMENTS:

You must review all of the underlying loan documents to make sure the following requirements are met:

a. The deed of trust/mortgage must clearly be identified as a line of credit that secures future advances;

b. The amount of the outstanding indebtedness is subject to fluctuations up or down due to future disbursements/advances of loan proceeds and/or future repayments thereof;

c. The future advances to the borrower are obligatory on the Lender if borrower meets the requirements as set forth in the loan agreement;
d. Repayments by the borrower neither reduce nor increase the original line of credit extended; and

e. The policy amount should be the amount on the face of the deed of trust (not the amount actually disbursed at closing). For example, if the deed of trust secures a maximum of $5 million line of credit, but only $1 million is advanced at closing, the Loan Policy must be for the full $5 million.

If you are unable to confirm the foregoing, please contact Regional Underwriting for guidance.

5. **RATE RULE: R-11(f) - $50.00**

“Endorsement issued as provided in Rule P-9b(8)---A premium of $50.00 shall be charged for the issuance of each endorsement provided for in Rule P-9b(8).”

6. **COMPLETING THE FORM:**

Insert the following information into the endorsement form:

a. Loan Policy Number;
b. Date of the endorsement; and
c. The policy must be written in the amount of the total deed of trust, not the amount actually disbursed at closing.
INCREASED VALUE ENDORSEMENT- FORM T-34

1. PURPOSE:

The Increased Value Endorsement increases the amount of coverage under an existing Owner Policy.

2. APPLICABLE POLICIES:

May be attached to any previously issued Owner Policy.

3. PROCEDURAL RULE: P-9(a)2 and P-66(A)(5)

P-9(a)2:

“When an insured under an Owner Policy shall have satisfied the Company as to the current value of the estate or interest insured by such Owner Policy, and shall have paid the premium provided for in Rule R-3.c, the Company shall attach to the said Owner Policy endorsement form T-34.”

NOTE: The Rule references a Rate Rule R-3.c, but the Rate Rule governing issuance is found in R-15.

“P-66. Determination of Amount of Insurance (Policy Amount)

“A. Owner’s Policy– Owner’s Policies shall be written to protect the estate or interest in the land, e.g. fee simple, leasehold or easement.”

“5. Increased Value: When the value of the insured land and improvements has increased and when requested by the Insured, upon compliance with Rule P-9a(2), endorsement form T-34 shall be attached to the Owner’s Policy upon payment of the premium set forth in R-15a.”

4. UNDERWRITING REQUIREMENTS:

The endorsement shall be issued to an existing Owner Policy when the Company is satisfied that the value of the interest insured has increased. To satisfy the Company as to the increased value, you must obtain a current appraisal of the property. If you do not have an appraisal of the property, contact Regional Underwriting to discuss another form of evidence to support the increase in value.

NOTE: This endorsement does not change the effective date the policy. If the increased value of the property is due to improvements added to the property subsequent to the date of the policy, please see Procedural Rule P-66A(1)(c). Further, see P-9(a)3 for endorsement to an OTP to evidence an increase in coverage during construction when a policy has been issued in accordance with P-8.

5. RATE RULE: R15.a – BPR on new amount less premium for prior OTP and any prior T-34.
“a. Increased Value - When requested by the Insured, and upon compliance with Rule P-9.a.(2), endorsement form T-34 shall be attached to the Owner Policy upon payment of a premium for such endorsement which shall be the Basic Rate computed on the new amount less the premium paid for the Owner Policy and any form T-34 endorsements previously attached thereto, but in no event less than the then applicable minimum policy Basic Premium Rate.”

6. COMPLETING THE FORM:

Insert the following information into the endorsement form:

a. Owner’s Policy;
b. Date of the original policy;
c. The liability amount of the policy (current appraised value);
d. The premium for the endorsement; and
e. Date of the endorsement.
INTERIM CONSTRUCTION BINDER EXTENSION- FORM T-3

1. PURPOSE:

A T-3 Endorsement Form may be used to extend the expiration date of a previously issued Mortgagee Interim Construction Binder on Interim Construction Loan ("ICB") for a period of six (6) months.

2. APPLICABLE POLICIES:

May be attached to any Mortgagee Title Policy Binder on Interim Construction Loan (T-13) dated not more than three (3) years and six (6) months from the proposed issuance of the Binder Extension Endorsement.

3. PROCEDURAL RULE: P-16

“The Mortgagee Title Policy Binder on Interim Construction Loan (Interim Binder) shall be used only with respect to interim construction loans in which it is contemplated in good faith that the Company issuing the Interim binder shall be asked to issue its Mortgagee Policy or Policies; issued simultaneously with Owner Policy or Policies of Title Insurance or at the basic rate, on a permanent loan or loans covering the identical property (in one or more parcels) when improvements are completed, but which permanent loan or loans may be made by a mortgagee or mortgagees other than the mortgagee named in the Interim binder. The use of such Interim Binder shall be limited solely to interim construction loans and pledges of the interim construction notes and liens wherein: (i) the obligor on the indebtedness is an original contractor who is also the record owner of the land upon which improvements are to be constructed; and, (ii) the security document for the indebtedness is not in the form of a Mechanic's Lien Contract.

Construction loans may include sums advanced for acquisition of land and/or to take up, renew or satisfy prior existing liens on land upon which construction is to occur.

Interim Binder shall not be issued on vacant lots or tracts, except in connection with the immediate construction of improvements thereon, nor shall such Interim Binder be issued after completion of improvements to which it relates, but this does not prohibit the issuance of Extensions after completion of improvements. In all cases not specifically enumerated in this rule, a Mortgagee Policy shall be used.

The Company shall be required to show all subordinate liens in Schedule B-Part 2 of the Interim Binder, but a statement may be made therein that such lien(s) is subordinate.”

4. UNDERWRITING REQUIREMENTS:

a. May only be used with a previously issued and unexpired ICB (Note: ICB expires 1 year from the effective date);

b. Binder extension must be issued consecutively without any gaps in coverage; and
c. may not be issued after 36 months following the expiration of the original ICB (i.e.- a max of six extension endorsements may be issued.) After this, the lender must purchase a loan policy.

5. RATE RULE: R-13 - $25.00

“A premium charge of an amount equal to the minimum policy Basic Premium Rate shall be made for issuance of each Mortgagee Title Policy Binder on Interim Construction Loan. Such Binder shall be issued for a term of one year. The original Binder may be extended for six (6) additional consecutive periods of six (6) months each, not to exceed thirty-six (36) months. A premium of $25.00 shall be charged for each consecutive six (6) month extension.”

6. COMPLETING THE FORM:

Insert the following information into the endorsement Form T-3:

a. Interim Construction Binder Policy number;

b. Date of endorsement; and

c. Insert the following verbiage per Endorsement Instruction I:

"The expiration date of said Interim Construction Binder is extended for a period of six months from the expiration date of the original Binder, or the expiration date of the last Endorsement extending said Binder; but in no event beyond thirty-six months from the expiration date of the Binder.”
LEASEHOLD ENDORSEMENT (Owner)- FORM T-4

1. PURPOSE:

Leasehold endorsements are used whenever a leasehold interest is being insured. The Leasehold Owner Policy Endorsement modifies the Owner Policy to add additional provisions related to how loss and damages are calculated under a policy that insures a leasehold estate.

2. APPLICABLE POLICIES:

The T-4 Endorsement must be attached to an Owner Policy (T-1) insuring a leasehold estate.

3. PROCEDURAL RULES: P-9(a)1 and P-66A(2)

P-9a(1):

“(a) Owner Policy

(1) When an Owner Policy of Title Insurance (Form T-1) is to be issued on a leasehold estate in the land, the Company shall attach to the said Owner Policy (Form T-1) the Leasehold Owner Policy Endorsement. When a Residential Owner Policy of Title Insurance -- One-To-Four Family Residences (Form T-1R) is to be issued on a leasehold estate in the land, the Company shall attach the Residential Leasehold Endorsement form to the Residential Owner Policy -- One-To-Four Family Residences (Form T-1R). The Owner Policy shall show that the estate being insured is a leasehold and exceptions shall be shown under Schedule B to all of the terms, provisions, and conditions of said lease creating such leasehold estate.”

“P-66. Determination of Amount of Insurance (Policy Amount)

“A. Owner’s Policy– Owner’s Policies shall be written to protect the estate or interest in the land, e.g. fee simple, leasehold or easement.”

“2. Leasehold: The amount of the Owner’s Policy covering a leasehold estate shall, at the option of the Insured, be based upon:

a. the total amount of the rentals payable under the lease contract, or
b. the value of the land and any existing improvements, or
c. the value of the land and any existing improvements and the cost of improvements immediately contemplated to be erected thereupon. In this instance, the policy must contain the applicable exception and clause provided for in Rule P-8.”

4. UNDERWRITING REQUIREMENTS:

a. Schedule A(2) must show the proposed estate being insured as a leasehold estate and describe recorded instrument creating or evidencing the leasehold estate:

   For example:

   LEASEHOLD ESTATE (created by that certain Lease Agreement) OR (evidenced by that certain Memorandum of Lease) between ________, as Lessor, and ______, as Lessee,
b. The title commitment shall contain an exception in Schedule B to the terms, provisions and conditions of the document creating the leasehold estate;

c. Obtain an Estoppel Certificate executed by the owner(s) of the fee title of the premises (Lessor) and by the Lessee, which contains the following statements:
   (i) the lease creating the insured leasehold estate is in full force and effect;
   (ii) there is no default in the payment of rent;
   (iii) there are no defaults under any other covenants of the lease;
   (iv) there are no charges which the lessor claims as a lien against the leasehold estate;
   (v) if the leasehold estate has been assigned to another lessee, the consent of the lessor to the assignment must be obtained; and
   (vi) if sublease estate is being insured, the Estoppel Certificate should be obtained from the Sublessee and the Sublessor and you must also obtain consent from the owner of the fee simple estate (Primary Lessor) which verifies that the primary lease is in full force and effect and acknowledges and approves of the Sublease;

   and;

d. The amount of insurance must be based upon one of the following per P-66:
   -- total amount of rent payable under the lease;
   -- value of land plus the existing improvements or improvements immediately contemplated.

**NOTE:** See Appendix for an example of an acceptable Lessor Estoppel and Lessee Estoppel form.

5. **RATE RULE: None**

There is no premium charge for this endorsement.

6. **COMPLETING THE FORM:**

   Insert the following information into the endorsement form:

   a. Owner Policy Number;
   b. Date of the endorsement; and
   c. If the policy will include the cost of improvements immediately contemplated, the policy must contain the applicable exception and clause provided for in Rule P-8.
LEASEHOLD ENDORSEMENT (Residential Owner) - FORM T-4R

1. PURPOSE:

The Residential Leasehold Endorsement modifies the Residential Owner Policy to add additional provisions related to how loss and damages are calculated under a policy that insures a residential leasehold estate.

2. APPLICABLE POLICIES:

The T-4R Endorsement must be attached to an Owner Policy (T-1R) insuring a leasehold estate on residential real property.

3. PROCEDURAL RULES: P-9(a)(1) and P-66A(2)

P-9a(1):

“(a) Owner Policy

(1) When an Owner Policy of Title Insurance (Form T-1) is to be issued on a leasehold estate in the land, the Company shall attach to the said Owner Policy (Form T-1) the Leasehold Owner Policy Endorsement. When a Residential Owner Policy of Title Insurance -- One-To-Four Family Residences (Form T-1R) is to be issued on a leasehold estate in the land, the Company shall attach the Residential Leasehold Endorsement form to the Residential Owner Policy -- One-To-Four Family Residences (Form T-1R). The Owner Policy shall show that the estate being insured is a leasehold and exceptions shall be shown under Schedule B to all of the terms, provisions, and conditions of said lease creating such leasehold estate.”

“P-66. Determination of Amount of Insurance (Policy Amount)

“A. Owner’s Policy

– Owner’s Policies shall be written to protect the estate or interest in the land, e.g. fee simple, leasehold or easement....”

“2. Leasehold: The amount of the Owner’s Policy covering a leasehold estate shall, at the option of the Insured, be based upon:

a. the total amount of the rentals payable under the lease contract, or
b. the value of the land and any existing improvements, or
c. the value of the land and any existing improvements and the cost of improvements immediately contemplated to be erected thereupon. In this instance, the policy must contain the applicable exception and clause provided for in Rule P-8.”
4. UNDERWRITING REQUIREMENTS:
   a. Schedule A(2) must show the proposed estate being insured as a leasehold estate and describe recorded instrument creating or evidencing the leasehold estate:

      For example:

      LEASEHOLD ESTATE (created by that certain Lease Agreement) OR (evidenced by that certain Memorandum of Lease) between ________, as Lessor, and ________, as Lessee, dated _____, filed for record ______, recorded in Book ____, Page ____ of the ___ Records of ______ County, Texas."

   b. The property must be "residential real property" and the insured must be a natural person so to qualify for issuance of a T-1R;

   c. The title commitment shall contain an exception in Schedule B to the terms, provisions and conditions of the document creating the leasehold estate;

   d. Obtain an Estoppel Certificate executed by the owner(s) of the fee title of the premises (Lessor) and by the Lessee, which contains the following statements:

      (i) the lease creating the insured leasehold estate is in full force and effect;
      (ii) there is no default in the payment of rent;
      (iii) there are no defaults under any other covenants of the lease;
      (iv) there are no charges which the lessor claims as a lien against the leasehold estate;
      (v) if the leasehold estate has been assigned to another lessee, the consent of the lessor to the assignment must be obtained; and
      (vi) If sublease estate is being insured, the Estoppel Certificate should be obtained from the Sublessee and the Sublessor and you must also obtain consent to from the owner of the fee simple estate (Primary Lessor) which verifies that the primary lease is in full force and effect and acknowledges and approves of the Sublease;

   and;

   d. The amount of insurance must be based upon one of the following per P-66:

      -- total amount of rent payable under the lease;
      -- value of land plus the existing improvements or improvements immediately contemplated.

   NOTE: See Appendix, for sample of an acceptable Lessor Estoppel and Lessee Estoppel form.

5. RATE RULE: None

There is no premium charge for this endorsement.
6. **COMPLETING THE FORM:**

Insert the following information into the endorsement form:

a. Owner Policy Number;
b. Date of the endorsement; and
c. If the policy will include the cost of improvements immediately contemplated, the policy must contain the applicable exception and clause provided for in Rule P-8.
LEASEHOLD ENDORSEMENT (Loan)- FORM T-5

1. PURPOSE:

Leasehold Mortgagee Policy Endorsement modifies the Loan Policy to add additional provisions related to how loss and damages are calculated under a policy that insures a mortgage secured by a leasehold estate.

2. APPLICABLE POLICIES:

The T-5 Endorsement must be attached to any Loan Policy (T-2 or T-2R) insuring a mortgage secured by a leasehold estate.

3. PROCEDURAL RULES: P-9(b)(5)

“(5) When a Mortgagee Policy of Title Insurance is to be issued on a leasehold estate in land, the Company shall attach to the said Mortgagee Policy the Leasehold Mortgagee Policy Endorsement. The Mortgagee Policy shall show that the estate being insured is a leasehold and exception shall be shown under Schedule B to all of the terms, provisions, and conditions of the said lease creating such leasehold estate.”

4. UNDERWRITING REQUIREMENTS:

a. Schedule A(2) must show the proposed estate being insured as a leasehold estate and describe recorded instrument creating or evidencing the leasehold estate:

   For example:

   “LEASEHOLD ESTATE {created by that certain Lease Agreement} OR { evidenced by that certain Memorandum of Lease} between __________, as Lessor, and __________, as Lessee, dated ____, filed for record ____, recorded in Book ___, Page ___, of the ___ Records of ______ County, Texas.”

b. The loan to be insured must take a security interest in the leasehold estate described in the commitment and policy;

c. The title commitment and policy shall contain an exception in Schedule B to the terms, provisions and conditions of the document creating the leasehold estate;

c. Obtain an Estoppel Certificate executed by the owner(s) of the fee title of the premises (Lessor) and by the Lessee, which contains the following statements:
   (i) the lease creating the insured leasehold estate is in full force and effect;
   (ii) there is no default in the payment of rent;
   (iii) there are no defaults under any other covenants of the lease;
   (iv) there are no charges which the lessor claims as a lien against the leasehold estate;
(v) if the leasehold estate has been assigned to another lessee, the consent of the lessor to the assignment must be obtained; and
(vi) If sublease estate is being insured, the Estoppel Certificate should be obtained from the Sublessee and the Sublessor and you must also obtain consent to from the owner of the fee simple estate (Primary Lessor) which verifies that the primary lease is in full force and effect and acknowledges and approves of the Sublease;

**NOTE:** See Appendix for sample Lessor Estoppel and Lessee Estoppel Certificate forms.

5. **RATE RULE: None**

There is no premium charge for this endorsement.

6. **COMPLETING THE FORM:**

Insert the following information into the endorsement form:

a. Loan Policy Number; and
b. Date of the endorsement.
LIMITED PRE-FORECLOSURE DOWNDATE ENDORSEMENT- FORM T-99

1. PURPOSE:

The downdate endorsement extends the effective date of the Limited Pre-Foreclosure Policy (T-98).

2. APPLICABLE POLICY:

May be attached with a previously issued Limited Pre-Foreclosure Policy (T-98).

3. PROCEDURAL RULE: P-43(B)

“B) Limited Pre-Foreclosure Policy Downdate Endorsement ( Form T-99 )

All the following requirements apply to issuance of a Limited Pre-Foreclosure Policy Downdate Endorsement:

1) The Limited Pre-Foreclosure Policy may be endorsed no more than four times pursuant to issuance of a Limited Pre-Foreclosure Policy Downdate Endorsement.

2) A Pre-Foreclosure Policy Downdate Endorsement may not be issued later than 24 months subsequent to the first {initial} issued Limited Pre-Foreclosure Policy ‘Date of Policy’.

3) Express insurance under Procedural Rule P-39 shall not be available for the Limited Pre-Foreclosure Policy Downdate.

4) A commitment for title insurance may not be issued prior to, or in connection with, the issuance of a Limited Pre-Foreclosure Policy Downdate Endorsement.

5) The indebtedness secured by the foreclosing mortgage must be in default at the time of application for, and issuance of, the Limited Pre-Foreclosure Policy Downdate Endorsement."

4. UNDERWRITING REQUIREMENTS:

1. The downdate endorsement may not be issued later than twenty-four (24) months from the date of the Limited Pre-Foreclosure Policy (T-98);

2. No more than four (4) downdate endorsements may be issued in connection with a specific Limited Pre-Foreclosure Policy (T-98);

3. When a downdate endorsement is issued, the date of the policy is brought forward to the date of the endorsement. Therefore, a title down date is required;

4. The insured mortgage covered by the T-98 must be in default at the time of the request for and issuance of the endorsement; and

5. You may not issue a title commitment in connection with issuance of this endorsement or provide express insurance P-39.
5. **RATE RULE: R-26(C) & (D) - $50.00**

“C) The title insurance agent's portion of the premium shall be retained by and paid to only the title insurance agent licensed in the county where the land described in the Limited Pre-Foreclosure Policy is located because the title insurance agent's retained portion of the premium for the Limited Pre-Foreclosure Policy and the Limited Pre Foreclosure Policy Downdate Endorsement is attributed for: (i) title search; (ii) title examination; and, (iii) issuance of the Limited Pre-foreclosure Policy and Limited Pre-Foreclosure Policy Downdate Endorsement.

D) The premium for each Limited Pre-Foreclosure Policy Downdate endorsement shall be $50.00.”

6. **COMPLETING THE FORM:**

Insert the following information on the endorsement form:

a. Limited Pre-Foreclosure Policy Number;

b. Date of the endorsement. **NOTE:** The date of the endorsement should be the certification date of your title plant and not the date you issue the endorsement;

c. Endorsement premium; and

d. Liens, encumbrances, or bankruptcies recorded subsequent to the date of the Limited Pre-Foreclosure Policy (T-98) or any prior downdate endorsements should be listed under paragraph 5. **NOTE:** All subsequent title matters should be shown without consideration as to whether or not the matter is superior or subordinate to the mortgage being foreclosed. If there are none, paragraph 5 may be deleted by the insertion of the following: “Item 5 (five) is hereby deleted.”
MANUFACTURED HOUSING UNIT- FORM T-31

1. PURPOSE:

The Manufactured Housing Unit Endorsement insures that a manufactured housing unit has been affixed to the land in Schedule A so as to become part of the real property collateral securing the loan.

2. APPLICABLE POLICIES:

May be attached to a Loan Policy where a manufactured housing unit has been affixed to the land in accordance with the underwriting guidelines below.

3. PROCEDURAL RULE: P-9(b)(7)

“(7) Where a Mortgagee Policy has been issued covering the lien securing an indebtedness against land and a manufactured housing unit which has been affixed to the land covered by said lien so as to become part of the real property, the Company may, if it considers the additional risk insurable and if requested by the proposed insured, attach to the policy endorsement form T-31 or endorsement form T-31.1 upon the payment of the premium prescribed in Rate Rule R-11.e and all expenses required by the Company (such as survey and/or inspection). A company is not required to issue endorsement form T-31 in order to issue endorsement form T-31.1.”

4. UNDERWRITING REQUIREMENTS:

The T-31 and T-31.1 Endorsements cannot be issued unless the Manufactured Housing Unit (“MHU”) is considered to be real property under Texas law and the rules and regulations governing manufactured housing. The T-31 Endorsement amends the provisions of the loan policy to define the “Land” insured by the policy to specifically include the MHU. The T-31.1 provides additional coverage on the Owner and Loan policies against loss sustained to the insured if the MHU is located on the land, real property or if the owner of the land is not also the owner of the MHU. Further, the T-31.1 provides coverage to the lender if the insured mortgage is not a valid lien against the MHU. The Texas Department of Housing and Community Affairs (“TDHCA”) is the state agency mandated by the Texas Legislature to regulate manufactured housing. TDHCA’s Manufactured Housing Division webpage contains an interactive search engine, by which TDHCA’s ownership records can be searched. Additionally, the forms necessary for obtaining a Statement of Ownership and Location and designating the MHU as real property are located on TDHCA’s website:

www.tdhca.state.tx.us/mh/index.htm

You must periodically check the above website as the procedures and fees are often changed by the TDHCA.

I. General Guidelines- ALL TRANSACTIONS

a. This endorsement may not be issued unless: (i) the MHU constitutes real property as evidenced by a Statement of Ownership and Location (or Certificate of Attachment--prior to September 1, 2003) (“SOL”) recorded in the real property records; or (ii) paperwork required by the TDHCA to obtain a Statement of Ownership and Location
designating the MHU as real property will be processed at part of the closing and recorded in the real property records in accordance with the guidelines herein.

b. You must search ownership records database on TDHCA’s Manufactured Housing Division webpage to determine i) if the MHU has been elected as real property; ii) if the reported location of the MHU is the same as the real property to be insured by the policy; iii) if there are any personal property liens on the property; and iv) if there are any personal property tax liens.

Searching the Texas Department of Housing and Community Affairs Website:

The ownership and location records and forms database can be found on the Manufactured Housing Division section of the TDHCA website, left-side column, box titled “Search Our Database”.

i. By clicking on the “Search our Database” a screen appears showing the various search options and information available. Insert as much information as is known about the MHU and its owner. If the serial number is known, such number should be used. Search Tip: If the MHU has been converted to real property by a previous owner, the MHU record might not be found under the current owner’s name because once a MHU has been perfected as real property, the TDHCA does not require that a new SOL be obtained to transfer ownership of the MHU. However, if the MHU is being taxed, the tax certificate may contain the maker and serial number information of the MHU.

ii. If your search reveals a match, the ownership record or ‘Certificate Detail’ for the MHU will provide the following information:
   - whether the MHU is ‘real property’ or ‘personal property’
   - the certificate number,
   - manufacturer and model number of the MHU,
   - serial number and label number, and
   - whether the MHU is subject to a personal property lien or tax lien.

iii. If your search reveals that the MHU is personal property, the Certificate Detail will indicate that the home is “elected as Personal Property” and you will be required to process the SOL and related forms to convert the MHU to real property.

iv. If your search reveals that the MHU is real property, the Certificate Detail will state, “The real property election for this home has been perfected.”

c. If the TDHCA records indicate that the MHU is real property, you must also verify that the county appraisal district and local tax assessor-collector has noted in their records that the real property election has been made. This is also required in order for the MHU to be considered real property and issue the T-31 and T-31.1.

d. If the TDHCA records indicate that the MHU is “elected as Personal Property”, you will be required to process the SOL and related forms required to convert the MHU to real property.
e. You must verify from all local taxing authorities that all ad valorem taxes against the real property and any personal property taxes against the MHU have been paid, or will be paid as part of your current transaction. See the transaction specific guidelines below for additional guidelines as to taxes.

f. You must verify from a search on TDHCA’s website (discussed above) and the title commitment that there are: (i) no tax liens against the MHU recorded with the TDHCA; (ii) no liens shown on the SOL against the MHU; (iii) no UCC financing statements recorded in the real property records; and (iv) no other liens affecting the real property, OR that all such liens will be paid and released as part of your current transaction.

g. The purchaser must sign the Company’s MHU Fair Market Value Disclosure Form (attached hereto).

h. If your transaction requires that a new SOL be obtained, within sixty (60) days after closing, you must file an application for SOL with the TDHCA. The application, application instructions, fees and other forms required by TDHCA may be found in the manufactured housing division of TDHCA’s website. The 2-page form of required information, signatures and acknowledgments should be completed in its entirety; pay particular attention to the block in the form that allows TDHCA to mail the certified copy of the SOL directly to the closing agent for recording. The processing time normally required by TDHCA after receipt of the complete application is 15 working days; however, an additional fee buys “Priority Handling”. See website for details and for the Priority Handling information sheet.

Upon TDHCA’s issuance of an SOL, you must:
(i) within 60 days of its issuance by the TDHCA record the SOL in the real property records;
(ii) after filing of the SOL in the real property records, send a copy of the filed SOL, with clerk’s stamp, to TDHCA with evidence that Chief Tax Appraiser for the applicable appraisal district,-Collector was notified of the real property election;
(iii) provide written notice to Chief Tax Appraiser of the applicable county tax appraisal district that the SOL has been recorded; and
(iv) verify that the TDHCA and the county appraisal district have noted in their records that the real property election has been perfected.

Each of the 4 steps above must be followed or the MHU will still be considered to be personal property and the T-31/T-31.1 cannot be issued.

i. If you are asked to insure the purchase of a new or used MHU before the installation of the MHU on the insured property, the transaction must be treated as a construction transaction. Therefore: (i) the policy must contain the Procedural Rule P-8 “pending disbursements” clause and general “mechanics’ liens” exception; and (ii) the T-31 or T-31.1 endorsement may not be issued until the MHU is installed on the land and the foregoing requirements above have been satisfied.
j. If your transaction involves the refinance of a purchase money lien, see Section III below.

NOTE: If TDHCA records reveal that the MHU is being treated as personal property and the proposed insured(s) elect to have the MHU continue as personal property, the MHU (and its value) must be excluded from the Owner and Loan policies and the T-31 (LP) and T-31.1 (OTP/LP) may not be issued.

II. Transaction Specific Guidelines

You should not issue this endorsement until you are satisfied all of the requirements and underwriting guidelines specific to your transaction have been accomplished. The guidelines for a) affixing the MHU so as to be real property; b) properly perfecting the lien; and c) policy requirement for the most common types of transactions are set forth below.

a. Insuring the MHU elected as real property when MHU already located on the land.

1. MHU is real property- If TDHCA records indicate the MHU is situated on the land to be insured, and the records indicate the MHU has been elected as real property, the MHU can be: (i) transferred by deed; (ii) included as collateral in a Deed of Trust lien, and (iii) the MHU can be insured by title insurance policy and the T-31 and T-31.1 endorsements can be attached if underwriting guidelines are met.

a. When the MHU is currently real property as evidenced by a previously recorded COA or SOL and the MHU is sold to a new purchaser, a new SOL in the name of the purchaser is not required, but the TDHCA may process an application for a new SOL to update ownership.

Note: If you do not intend to process a new SOL, you need to be aware that §11.432 of the Texas Tax Code provides that before a MHU will qualify for a homestead exemption, the application for a homestead exemption application from the owner must be accompanied by: (i) a copy of the SOL showing the applicant is the owner of the MHU, or (ii) a verified copy of the purchase contract showing the applicant is the purchaser of the MHU. Further, some taxing authorities have refused to update their records to reflect the new owner without a SOL. It is recommended that you confirm with the applicable county tax appraisal district/local tax authorities to verify what they will require in order to change the ownership and records to reflect the purchaser as the new owner. If an SOL is not necessary, it is still recommended that: (i) you verify that the purchase contract states the property being sold includes the specific MHU (identified by label and serial number); and (ii) you verify that the legal description of the land in the conveyancing deed includes a recital that the land includes the specific MHU (identified by the label and seal number).

Note: Whether the MHU is specifically described in the deed is at discretion of the purchaser and/or the document preparation attorney. Inclusion of a description of the MHU is not necessary, if the MHU has already been converted
to real property. However, some attorneys will prepare the deed with description of the MHU, which is acceptable for title insurance purposes.

b. While the MHU can be conveyed by deed, there must be a complete chain of title without gap. For instance, if the last record owner of the MHU according to TDHCA’s records is “Smith” and the Seller is “Jones”, there must be a deed in the chain of title linking Smith to Jones. Acceptable evidence would include, but not be limited to, authenticated copies of all intervening transfer documents, a court order confirming ownership, or title commitment in such owner’s name issued by a title insurance company licensed to do business in Texas. The TDHCA has Affidavit forms for this purpose. If a quit claim deed is in the chain of title, contact Regional Underwriting.

c. Forms and Fees to TDHCA (MHU already elected as real property):
   
   - Obtain from TDHCA’s website a copy of the SOL Application Instructions to assist with filling out the forms to be submitted to the TDHCA and for current application fees: [http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf](http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf)
   
   - Application for SOL – Following the instructions, you must elect to have the MHU treated as real property and you must provide the real property’s legal description exactly as it should be shown on SOL or indicate in the legal description area “See Exhibit A” and attach legal description separately.
   
   - You must have satisfactory evidence that any liens on the land have been discharged (i.e., lien search, title commitment, title policy, or statement from title company or attorney’s office, stating that all liens have been discharged) or that all lienholders have consented to the change.
   
   - If the applicant is not the owner of record with the TDHCA satisfactory proof of ownership under a complete chain of title. Acceptable evidence would include, but not be limited to, authenticated copies of all intervening transfer documents, a court order confirming ownership, or title commitment in such owner’s name issued by a title insurance company licensed to do business in Texas. The TDHCA has Affidavit forms for this purpose.

2. MHU is personal property- If TDHCA records indicate the MHU is situated on the land to be insured, but the MHU has been elected as personal property: (i) the MHU should be transferred by bill of sale or comparable document; (ii) the land will be conveyed by warranty deed; (iii) the MHU can be included as collateral in a Deed of Trust lien and the MHU can be insured by title insurance policy and the T-31 and T-31.1 endorsements attached only if the MHU is properly affixed to the real estate so as to become real property.

   a. When the MHU is currently personal property as evidenced by a previously recorded SOL and the MHU is sold to a new purchaser, a new SOL in the name of the purchaser is required. See Section I (h), General Guidelines.
b. **Forms to TDHCA-** MHU being converted from personal property to real property:

- Obtain from TDHCA’s website a copy of the SOL to assist with filling out the forms to be submitted to the TDHCA and to obtain current application fees: [http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf](http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf)

- **Application for SOL** – Following the instructions, you must elect to have the MHU treated as real property and you must provide the real property’s legal description exactly as it should be shown on SOL or indicate in the legal description area “See Exhibit A” and attach legal description separately.

- **Form B**- Completed by the lienholder of record for the release of any personal property liens or in lieu of a release of lien, a statement by the title company, attorney, or federally insured financial institution that a title insurance commitment covering all prior liens on the home has been issued. If the lien isn’t going to be released, a statement from the lender consenting to the change of election from personal property to real property will also be accepted.

- **A Tax Statement from Tax Assessor-Collector** (See [http://www.tdhca.state.tx.us/mh/docs/1076-TaxStatement.pdf](http://www.tdhca.state.tx.us/mh/docs/1076-TaxStatement.pdf) for form) from the tax assessor collector that there are no personal property taxes due on the MHU that may have accrued on each January 1st that fall within the 18 months before the date of sale. This tax statement confirms to the TDHCA that either a) property taxes for the current year have been billed and paid; OR b) the current tax year bill has not been mailed but taxes have been estimated and placed in escrow with the taxing authority. The tax statement also affirms that the MHU is not being assessed on the personal property tax rolls if the MHU was previously elected as real property and taxes paid.

In order to satisfy TDHCA’s requirements and obtain a Tax Statement from the Tax Assessor/Collector, you must do one of the following:

i) if the personal property taxes for the current year (and prior years) have been assessed/billed but not yet paid, you must collect and pay the taxes at closing; OR

ii) if the personal property taxes for the current year have not yet been assessed/billed, you must contact the taxing authority and have them provide you with the estimate of taxes for the current year, and you must collect and pay this estimated amount to the taxing authority; and

Seller and Purchaser must execute a tax proration agreement or acceptable waiver assuming responsibility for any additional taxes should the escrowed amount be insufficient. This form should also contain an indemnity/hold harmless in favor of the Company should additional taxes become due for the current year.

**Note:** Since January of 2008, TDHCA has required that all personal property taxes due but not yet levied be estimated by the County Tax Collector and paid into an escrow account held by the County Tax Collector. When the tax bill is
mailed and the taxes become payable, the County Tax Collector will apply the escrow amount to the tax bill.

b. **Lien Perfection** (Insuring the MHU elected as real property when MHU is already located on the land)

i. If the insured transaction is a sale of the MHU, and the purchaser is obtaining a loan for the purchase price, the transaction must include:

- Warranty Deed with Vendor’s Lien, with Vendor’s Lien being assigned to the lender; and

- Deed of Trust should contain renewal and extension of the Vendor’s Lien;

ii. If the transaction involves the refinance of a purchase money lien, see Section III.

iii. All personal property taxes must be paid per requirements above.

iv. All taxes must be paid on the real property and the MHU. If the MHU was properly converted to real property, the Chief Tax Appraiser of the applicable county appraisal district Chief Tax Appraiser of the applicable county appraisal district and taxing authorities should have been provided with copy of the SOL and should not be taxing the MHU as personal property.

v. If transaction is a sale, the Purchaser must execute the [Manufactured Housing Unit Fair Market Value Disclosure form](#) (see attached).

c. **Policy** (Insuring the MHU elected as real property when MHU is already located on the land):

a. **T-31:** Note that the T-31 cannot be issued until the MHU has been converted to real property { (a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser of the applicable county appraisal district Chief Tax Appraiser of the applicable county appraisal district and both have entered the MHU into their records as ‘Real Property’}.

b. **T-31.1:** Note that the T-31.1 cannot be issued until the MHU has been converted to real property { (a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser of the applicable county
appraisal district and both have entered the MHU into their records as ‘Real Property’.

b. First Time Sale Of A New MHU – Real Property

When a new MHU will be transferred to a new owner, the MHU dealer must forward all documents to the buyer who shall apply for the SOL. Further, in order for a valid lien to exist and for the MHU to be real property, the owner must elect to treat the MHU as such and the closing must take place at the office of a federally insured financial institution, a title insurance company, or an attorney.

1. You must require the MHU dealer provide you with a signed “Instructions to Third Party Closer” form, addressed to your office (See TDHCA website for this form). Also, note that as provided below, the dealer will have to sign the Application for SOL.

2. Forms and Fees to TDHCA-

- Manufacturer’s Certificate of Origin (MCO) (required for sales that took place on or after 1/1/2008) from manufacturer.

- Obtain from TDHCA’s website a copy of the SOL Application Instructions to assist with filling out the forms to be submitted to the TDHCA and applicable fees: http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf

- Application for SOL – Following the instructions, you must elect to have the MHU treated as real property and you must provide the real property’s legal description exactly as it should be shown on SOL or indicate in the legal description area “See Exhibit A” and attach legal description separately.

   NOTE as to Block 2 & 3 of the Application: Require Dealer provide to the title company the information necessary to complete Label/seal information. Each section of the MHU must be affixed with a label. Since the MHU is new, the dealer should have affixed the seal and should be able to provide the seal information to the title company. *This information is in addition to the MCO, which is required on new MHU being issued SOL for first time.

   Have licensed installer complete Block 3, or require the dealer to provide sufficient information for title company to provide contact information for installer. On the first time sale of a new MHU, the dealer/retailer must arrange for the MHU to be installed on the land. Note: An MHU can only be installed by: (a) installer licensed by TDHCA, or (b) owner of the MHU and land on which MHU will be installed, and such owner has obtained a “Temporary Installer’s License” from TDHCA.

   Note that the SOL must be signed by the dealer (seller/transferor) with notarization of the dealer’s signature.
- Texas Department of Transportation moving permit, since move was part of the sale.

3. **Lien Perfection** (Insuring the MHU as real property when a new MHU is being moved onto the land):

   a. When the transaction is: (i) a sale of a new MHU being moved to real property, (ii) the dealer/retailer will be installing the MHU as part of the sales agreement, and (iii) a purchaser who has a third party lender, the lien transaction should be structured as:

      - Warranty Deed with Vendor’s Lien for the purchase price of the land, with assignment of the Vendor’s Lien to the third party lender;

      - A retail installment contract for purchase/installation of MHU, of which you should obtain a copy; and

      - Deed of Trust that renews the Vendor’s Lien and the retail installment contract/sale agreement, in language substantially similar to the following:

      > This deed of trust is given in renewal and extension of the vendor’s lien in amount of _____ (land price) retained in deed dated _____, and of the purchase money lien in the amount of $_______ (MHU price) in favor of [retail installment contract lender] as evidenced by that retail installment contract/sale agreement dated ______ and pertaining to manufactured home unit serial number ________.

      Attach a copy of the retail installment contract/sale agreement to the deed of trust to be recorded.

   b. When the transaction is: (a) a sale of a new MHU being moved to real property, (b) the dealer will not be installing the MHU as part of the sales agreement (i.e.- separate agreement with the installer), and (c) the purchaser has a third party lender, the lien transaction should be structured as:

      - Warranty Deed with Vendor’s Lien for the purchase price of the land, with assignment of the Vendor’s Lien to the third party lender;

      - A retail installment contract/sale contract for purchase of the MHU;

      - Require a Mechanic’s Lien Contract for the cost of installing the MHU on the land, with assignment of the Mechanic’s Lien to the third party lender; and
Deed of Trust must renew the Vendor’s Lien, the retail installment contract/sale agreement, and the Mechanic’s Lien Contract with language substantially similar to the following:

This deed of trust is given in renewal and extension of the vendor’s lien in amount of $______(land price) retained in deed dated _____, and of the purchase money lien in the amount of $______(MHU price) in favor of [retail installment contract lender] as evidenced by that retail installment contract/sale agreement dated _______ and pertaining to manufactured home unit serial number __________, and Mechanic’s Lien Contract in amount of _____(cost of install), dated _____, by and between [insert owner and contractor's names].

Note: When filing the documents for record, the following filing order must be followed: (1) the Warranty Deed; (2) the Mechanic’s Lien; and (3) the Deed of Trust with the retail installment contract attached. The Warranty Deed must be recorded prior to the Mechanic’s Lien contract because the owner must actually be the owner of the land for a valid Mechanic’s Lien to exist against the property.

c. All taxes must be paid on the real property and the MHU, including all personal property taxes levied on the MHU.

d. The Purchaser must execute the Manufactured Housing Unit Fair Market Value Disclosure form – see attached.

4. Policy (Insuring the MHU as real property when a new MHU is being moved onto the land)

1. P-8: Since the MHU is being moved on the land, and the transaction will close prior to the actual on-the-ground installation of the MHU onto the insured property, the transaction must be treated as a construction transaction and the policy(ies) must contain the Procedural Rule P-8 “pending disbursement” clause and general “mechanics’ liens” exception. The P-8 language may only be endorsed out after the Company has received the following information: (a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’.

2. Further, the T-31 cannot be issued until the MHU has been converted to real property ((a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal
district, and both have entered the MHU into their records as ‘Real Property’.

3. Further, the T-31.1 cannot be issued until the MHU has been converted to real property [(a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’].

c. **Sale Of A Used MHU –(MHU will be moved to the land and MHU changing from Personal to Real Property)**

**Note:** If TDHCA records indicate the MHU has been elected as personal property and is already situated on the land to be insured and not moved as part of your transaction, see section II(a)(1)(b).

1. When the MHU is currently elected as personal property as evidenced by a previously recorded SOL and the MHU is sold to a new purchaser, a new SOL in the name of the purchaser is required and the MHU must be moved to the real property and properly affixed to the real estate.

2. If the used MHU is being sold by a dealer, you must require the MHU dealer provide you with a signed “Instructions to Third Party Closer” form, addressed to your office (See TDHCA website for this form). Also, note that the dealer will have to sign the Application for SOL.

3. **Forms and Fees to TDHCA** (Insuring a MHU as real property when MHU is being moved to the land and changing from personal to real property):

   - Obtain from TDHCA’s website a copy of the Statement of Ownership and Location Application Instructions to assist with filling out the forms to be submitted to the TDHCA and for applicable filing fees: http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf

   - **Application for SOL** – Following the instructions, you must elect to have the MHU treated as real property and you must provide the real property’s legal description exactly as it should be shown on SOL or indicate in the legal description area “See Exhibit A” and attach legal description separately.

   - **Form B**- Completed by the lienholder of record for the release of any personal property liens or in lieu of a release of lien, a statement by the title company, attorney, or federally insured financial institution that a title insurance commitment covering all prior liens on the home has been issued. If the lien isn’t going to be released, a statement from the lender consenting to the change of election from personal property to real property will also be accepted.

   - **A Tax Statement from Tax Assessor-Collector** (See http://www.tdhca.state.tx.us/mh/docs/1076-TaxStatement.pdf for form) from the
tax assessor collector that there are no personal property taxes due on the MHU that may have accrued on each January 1st that fall within the 18 months before the date of sale. This tax statement confirms that either a) property taxes for the current year have been billed and paid; OR b) the current tax year bill has not been mailed but taxes have been estimated and placed in escrow with the taxing authority. The tax statement also affirms that the MHU is not being assessed on the personal property tax rolls if the MHU was previously elected as real property and taxes paid.

In order to satisfy TDHCA’s requirements and obtain a Tax Statement from the Tax Assessor/Collector, you must do one of the following:

i) if the personal property taxes for the current year (and prior years) have been assessed/billed but not yet paid, you must collect and pay the taxes at closing; OR

ii) if the personal property taxes for the current year have not yet been assessed/billed, you must contact the taxing authority and have them provide you with the estimate of taxes for the current year, and you must collect and pay this estimated amount to the taxing authority; and Seller and Purchaser must execute a tax proration agreement or acceptable waiver assuming responsibility for any additional taxes should the escrowed amount be insufficient. This form should also contain an indemnity/hold harmless in favor of the Company should additional taxes become due for the current year.

Note: Since January of 2008, TDHCA has required that all personal property taxes due but not yet levied be estimated by the County Tax Collector and paid into an escrow account held by the County Tax Collector. When the tax bill is mailed and the taxes become payable, the County Tax Collector will apply the escrow amount to the tax bill.

- Texas Department of Transportation moving permit

3. Perfecting the Lien- (Insuring a MHU as real property when MHU is being moved to the land and changing from personal to real property):

a. When the transaction is a sale of: (a) a used MHU being moved to real property, (b) the Seller is a MHU Dealer, (c) the dealer/seller will be installing the MHU as part of the sales agreement, and (d) the purchaser has a third party lender, the lien transaction should be structured as:

- Warranty Deed with Vendor’s Lien for the purchase price of the land, with assignment of the Vendor’s Lien to the third party lender;

- A retail installment contract/sale contract for purchase/installation of MHU; and
Deed of Trust must renew the Vendor’s Lien and the retail installment contract/sale agreement, in language substantially similar to the following:

This deed of trust is given in renewal and extension of the vendor’s lien in amount of ______ (land price) retained in deed dated ______, and of the purchase money lien in the amount of $_______ (MHU price) in favor of [retail installment contract lender] as evidenced by that retail installment contract/sale agreement dated _____ and pertaining to manufactured home unit serial number ________.

Attach a copy of the retail installment contract/sale agreement to the deed of trust to be recorded.

If the transaction involves the refinance of a purchase money lien, see Section III.

b. When the transaction is: (a) sale of a used MHU being moved to real property, (b) the dealer OR seller will not be installing the MHU as part of the sales agreement, and (c) the purchaser has a third party lender, the lien transaction should be structured as:

- Warranty Deed with Vendor’s Lien for the purchase price of the land, with assignment of the Vendor’s Lien to the third party lender;
- A retail installment contract for purchase of MHU and/or Bill of Sale for the transfer of the MHU;
- Require a Mechanic’s Lien Contract for the cost of installing the MHU on the land, with assignment of the Mechanic’s Lien to the third party lender; and
- The Deed of Trust must renew the Vendor’s Lien, the retail installment contract/sale agreement, and the Mechanic’s Lien Contract in language substantially similar to the following:

This deed of trust is given in renewal and extension of the vendor’s lien in amount of $______ (land price) retained in deed dated _____, and of the purchase money lien in the amount of $_______ (MHU price) in favor of [retail installment contract lender] as evidenced by that retail installment contract/sale agreement dated _____ and pertaining to manufactured home unit serial number ________, and Mechanic’s Lien Contract in amount of _____ (install price), dated _____, by and between [insert owner and contractor’s names].

Note: When filing the documents for record, the following filing order must be followed: (1) the Warranty Deed; (2) the Mechanic’s Lien; and (3) the Deed of Trust with the retail installment contract attached. The
Warranty Deed must be recorded prior to the Mechanic’s Lien contract because the owner must actually be the owner of the land for a valid Mechanic’s Lien to exist against the property.

- If the transaction involves the refinance of a purchase money lien, see Section III.
- All taxes must be paid on the real property and the MHU, including all personal property taxes levied on the MHU.
- If transaction is a sale, the Purchaser must execute the Manufacturing Housing Unit Fair Market Value Disclosure form (attached hereto).

4. Policy (Insuring a MHU as real property when MHU is moving onto the land and changing from personal to real property)
   a. P-8: Since the MHU is being moved on the land, and the transaction will close prior to the actual on-the-ground installation of the MHU onto the insured property, the transaction must be treated as a construction transaction and the policy(ies) must contain the Procedural Rule P-8 “pending disbursement” clause and general “mechanics’ liens” exception. The P-8 language may only be endorsed out after the Company has received the following information: (a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’.

   b. Further, the T-31 cannot be issued until the MHU has been converted to real property {(a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’).

   c. Further, the T-31.1 cannot be issued until the MHU has been converted to real property {(a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’).

III. Refinance Transactions
1. If the transaction involves the refinance of a purchase money lien, verify that the purchase was evidenced by either a mechanic’s lien contract that covered the cost of installation and the purchase of the MHU, or obtain a copy of the retail installment contract/sale agreement that created a purchase money lien against the MHU. When the transaction involves conversion of an MHU from personal property to real property, the deed of trust should contain a clause substantially similar to the following: “This deed of trust is given in renewal, extension, and conversion under Article 16, Section 50(a)(8) of the Texas Constitution of a retail installment contract in the amount of $_______ payable to ______.” Additionally, attach a copy of the retail installment contract/sale agreement to the deed of trust to be recorded.

2. In addition to the verifications required, the guidelines for refinance transactions are essentially the same as those set out above for Sale of New MHU or Sale of Used MHU (not being moved) except that the TDHCA forms should be completed and executed in a manner that reflects there is no “seller”.

3. If the transaction involves the refinance of loan for acquisition of a MHU that occurred on or after September 1, 2003, verify that the purchase closed at the office of a federally insured financial institution, a title insurance company, or an attorney. Do not close the refinance transaction without consulting Regional Underwriting if you are not able to verify the prior closing location.

5. RATE RULE: R11(e) - $20.00

Loan Policy - R11(e):
“Endorsement issued as provided in Rule P-9.b.(7)----A premium of $20.00 shall be charged for the issuance of endorsement form T-31 as provided for in Rule P-9.b.(7). A premium of $50 shall be charged for the issuance of endorsement form T-31.1 as provided for in Rule P-9.b.(7).”

6. COMPLETING THE FORM:

Insert the following information into the endorsement form:

- Loan Policy Number and date of the policy;
- Date of the endorsement; and
- Serial Number of the manufactured housing unit located on the land.

See also guidelines for issuing policy above for the specific transaction guidelines.
MANUFACTURED HOUSING UNIT FAIR MARKET VALUE DISCLOSURE

Date:

GF Number:

Escrow Agent:

Underwriter:

Seller:

Purchaser:

Property:

Escrow Agent and Underwriter are closing and insuring the title to the Property, which includes a manufactured housing unit (MHU). The undersigned Purchaser hereby acknowledges that the sales price of the Property is based upon a negotiated agreement between the Seller and Purchaser.

By signing below, Purchaser agrees: (i) Escrow Agent and Underwriter are closing and insuring the title to the Property only, and are not involved in establishing the sales price or fair market value of the Property; (ii) Escrow Agent and Underwriter have not made, and do not make any representations as to the value of the Property and/or any MHU located on, or to be placed on said Property.

PURCHASER/BORROWER:

______________________________

______________________________
MANUFACTURED HOUSING SUPPLEMENTAL COVERAGE- FORM T-31.1

1. PURPOSE:

The Supplemental Coverage Manufactured Housing Unit Endorsement insures that a manufactured housing unit ("MHU") has been affixed to the land in Schedule A so as to become part of the "Land" insured by the policy. The T-31.1 also provides coverage if any personal property taxes or liens are attached to the MHU as personal property, and generally insures against loss if the manufactured housing unit does not constitute real property.

2. APPLICABLE POLICIES:

May be attached to a Loan Policy or any Owner Policy where a manufactured housing unit has been affixed to the real estate in accordance with the underwriting guidelines below.

3. PROCEDURAL RULES: P-9a(4) and P-9b(7)

Owner Policy: P-9a(4)

“(4) Where an Owner Policy has been issued covering the land and a manufactured housing unit which has been affixed to the land so as to become part of the real property, the Company may, if it considers the additional risk insurable and if requested by the proposed insured, attach to the policy endorsement form T-31.1 upon the payment of the premium prescribed in Rate Rule R-15 and all expenses required by the Company (such as survey and/or inspection).”

Loan Policy: P-9b(7)

“(7) Where a Mortgagee Policy has been issued covering the lien securing an indebtedness against land and a manufactured housing unit which has been affixed to the land covered by said lien so as to become part of the real property, the Company may, if it considers the additional risk insurable and if requested by the proposed insured, attach to the policy endorsement form T-31 or endorsement form T-31.1 upon the payment of the premium prescribed in Rate Rule R-11.e and all expenses required by the Company (such as survey and/or inspection). A company is not required to issue endorsement form T-31 in order to issue endorsement form T-31.1.”

4. UNDERWRITING REQUIREMENTS:

The T-31 and T-31.1 Endorsements cannot be issued unless the Manufactured Housing Unit ("MHU") is considered to be real property under Texas law and the rules and regulations governing manufactured housing. The T-31 Endorsement amends the provisions of the loan policy to define the "Land" insured by the policy to specifically include the MHU. The T-31.1 provides additional coverage on the Owner and Loan policies against loss sustained to the insured if the MHU is not located on the land, not real property or if the owner of the land is not also the owner of the MHU. Further, the T-31.1 provides coverage to the lender if the insured mortgage is not a valid lien against the MHU. The Texas Department of Housing and Community Affairs ("TDHCA") is the state agency mandated by the Texas Legislature to regulate manufactured housing. TDHCA’s Manufactured Housing Division webpage contains
an interactive search engine, by which TDHCA's ownership records can be searched. Additionally, the forms necessary for obtaining a Statement of Ownership and Location and designating the MHU as real property are located on TDHCA's website:

www.tdhca.state.tx.us/mh/index.htm

You must periodically check the above website as the procedures and fees are often changed by the TDHCA.

I. General Guidelines- ALL TRANSACTIONS

   a. This endorsement may not be issued unless: (i) the MHU constitutes real property as evidenced by a Statement of Ownership and Location (or Certificate of Attachment--prior to September 1, 2003) (“SOL”) recorded in the real property records; or (ii) paperwork required by the TDHCA to obtain a Statement of Ownership and Location designating the MHU as real property will be processed at part of the closing and recorded in the real property records in accordance with the guidelines herein.

   b. You must search ownership records database on TDHCA's Manufactured Housing Division webpage to determine i) if the MHU has been elected as real property; ii) if the reported location of the MHU is the same as the real property to be insured by the policy; iii) if there are any personal property liens on the property; and iv) if there are any personal property tax liens.

   Searching the Texas Department of Housing and Community Affairs Website:

   The ownership and location records and forms database can be found on the Manufactured Housing Division section of the TDHCA website, left-side column, box titled “Search Our Database”.

   ii. By clicking on the “Search our Database” a screen appears showing the various search options and information available. Insert as much information as is known about the MHU and its owner. If the serial number is known, such number should be used. Search Tip: If the MHU has been converted to real property by a previous owner, the MHU record might not be found under the current owner’s name because once a MHU has been perfected as real property, the TDHCA does not require that a new SOL be obtained to transfer ownership of the MHU. However, if the MHU is being taxed, the tax certificate may contain the maker and serial number information of the MHU.

   ii. If your search reveals a match, the ownership record or ‘Certificate Detail’ for the MHU will provide the following information:

       • whether the MHU is ‘real property’ or ‘personal property’
       • the certificate number,
       • manufacturer and model number of the MHU,
       • serial number and label number, and
       • whether the MHU is subject to a personal property lien or tax lien.

   iii. If your search reveals that the MHU is personal property, the Certificate Detail will indicate that the home is “elected as Personal Property” and you will be
required to process the SOL and related forms to convert the MHU to real property.

iv. If your search reveals that the MHU is real property, the Certificate Detail will state, “The real property election for this home has been perfected.”

e. If the TDHCA records indicate that the MHU is real property, you must also verify that the local tax appraisal district and tax assessor-collector has noted in their records that the real property election has been made. This is also required in order for the MHU to be considered real property and issue the T-31 and T-31.1.

f. If the TDHCA records indicate that the MHU is “elected as Personal Property”, you will be required to process the SOL and related forms required to convert the MHU to real property.

e. You must verify from all local taxing authorities that all ad valorem taxes against the real property and any personal property taxes against the MHU have been paid, or will be paid as part of your current transaction. See the transaction specific guidelines below for additional guidelines as to taxes.

f. You must verify from a search on TDHCA’s website (discussed above) and the title commitment that there are: (i) no tax liens against the MHU recorded with the TDHCA; (ii) no liens shown on the SOL against the MHU; (iii) no UCC financing statements recorded in the real property records; and (iv) no other liens affecting the real property, OR that all such liens will be paid and released as part of your current transaction.

g. The purchaser must sign the Company’s MHU Fair Market Value Disclosure Form.

h. If your transaction requires that a new SOL be obtained, within sixty (60) days after closing, you must file an application for SOL with the TDHCA. The application, application instructions, fees and other forms required by TDHCA may be found in the manufactured housing division of TDHCA’s website. The 2-page form of required information, signatures and acknowledgments should be completed in its entirety; pay particular attention to the block in the form that allows TDHCA to mail the certified copy of the SOL directly to the closing agent for recording. The processing time normally required by TDHCA after receipt of the complete application is 15 working days; however, an additional fee buys “Priority Handling”. See website for details and for the Priority Handling information sheet.

Upon TDHCA’s issuance of an SOL, you must:
(i) within 60 days of its issuance by the TDHCA record the SOL in the real property records;
(ii) after filing of the SOL in the real property records, send a copy of the filed SOL, with clerk’s stamp, to TDHCA with evidence that Chief Tax Appraiser for the applicable appraisal district, was notified of the real property election;
(iii) provide written notice to the Chief Tax Appraiser of the applicable county appraisal district that the SOL has been recorded; and
(iv) verify that the TDHCA and the local tax-assessor collector have noted in their records that the real property election has been perfected.

Each of the 4 steps above must be followed or the MHU will still be considered to be personal property and the T-31/T-31.1 cannot be issued.

i. If you are asked to insure the purchase of a new or used MHU before the installation of the MHU on the insured property, the transaction must be treated as a construction transaction. Therefore: (i) the policy must contain the Procedural Rule P-8 “pending disbursements” clause and general “mechanics’ liens” exception; and (ii) the T-31 or T-31.1 endorsement may not be issued until the MHU is installed on the land and the foregoing requirements above have been satisfied.

j. If your transaction involves the refinance of a purchase money lien, see Section III below.

NOTE: If TDHCA records reveal that the MHU is being treated as personal property and the proposed insured(s) elect to have the MHU continue as personal property, the MHU (and its value) must be excluded from the Owner and Loan policies and the T-31 (LP) and T-31.1 (OTP/LP) may not be issued.

II. Transaction Specific Guidelines

You should not issue this endorsement until you are satisfied all of the requirements and underwriting guidelines specific to your transaction have been accomplished. The guidelines for a) affixing the MHU so as to be real property; b) properly perfecting the lien; and c) policy requirements for the most common types of transactions are set forth below.

a. Insuring the MHU elected as real property when MHU already located on the land.

1. MHU is real property- If TDHCA records indicate the MHU is situated on the land to be insured, and the records indicate the MHU has been elected as real property, the MHU can be: (i) transferred by deed; (ii) included as collateral in a Deed of Trust lien, and (iii) the MHU can be insured by title insurance policy and the T-31 and T-31.1 endorsements can be attached if underwriting guidelines are met.

a. When the MHU is currently real property as evidenced by a previously recorded COA or SOL and the MHU is sold to a new purchaser, a new SOL in the name of the purchaser is not required, but the TDHCA may process an application for a new SOL to update ownership.

Note: If you do not intend to process a new SOL, you need to be aware that §11.432 of the Texas Tax Code provides that before a MHU will qualify for a homestead exemption, the application for a homestead exemption application from the owner must be accompanied by: (i) a copy of the SOL showing the applicant is the owner of the MHU, or (ii) a verified copy of the purchase contract showing the applicant is the purchaser of the MHU. Further, some taxing authorities have refused to update their
records to reflect the new owner without a SOL. It is recommended that you confirm with the local tax appraisal district to verify what they will require in order to change the ownership records to reflect the purchaser as the new owner. If an SOL is not necessary, it is still recommended that: (i) you verify that the purchase contract states the property being sold includes the specific MHU (identified by label and serial number); and (ii) you verify that the legal description of the land in the conveyancing deed includes a recital that the land includes the specific MHU (identified by the label and seal number).

Note: Whether the MHU is specifically described in the deed is at discretion of the purchaser and/or the document preparation attorney. Inclusion of a description of the MHU is not necessary, if the MHU has already been converted to real property. However, some attorneys will prepare the deed with description of the MHU, which is acceptable for title insurance purposes.

b. While the MHU can be conveyed by deed, there must be a complete chain of title without gap. For instance, if the last record owner of the MHU according to TDHCA’s records is “Smith” and the Seller is “Jones”, there must be a deed in the chain of title linking Smith to Jones. Acceptable evidence would include, but not be limited to, authenticated copies of all intervening transfer documents, a court order confirming ownership, or title commitment in such owner’s name issued by a title insurance company licensed to do business in Texas. The TDHCA has Affidavit forms for this purpose. If a quit claim deed is in the chain of title, contact Regional Underwriting.

c. Forms and Fees to TDHCA (MHU already elected as real property):

- Obtain from TDHCA’s website a copy of the SOL Application Instructions to assist with filling out the forms to be submitted to the TDHCA and for current application fees: [http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf](http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf)

- Application for SOL – Following the instructions, you must elect to have the MHU treated as real property and you must provide the real property’s legal description exactly as it should be shown on SOL or indicate in the legal description area “See Exhibit A” and attach legal description separately.

- You must have satisfactory evidence that any liens on the land have been discharged (i.e., lien search, title commitment, title policy, or statement from title company or attorney’s office, stating that all liens have been discharged) or that all lienholders have consented to the change.

- If the applicant is not the owner of record with the TDHCA satisfactory proof of ownership under a complete chain of title. Acceptable evidence would include, but not be limited to, authenticated copies of all intervening transfer documents, a court order confirming ownership, or title commitment in such owner’s name issued by a title insurance company licensed to do business in Texas. The TDHCA has Affidavit forms for this purpose.
2. **MHU is personal property**: If TDHCA records indicate the MHU is situated on the land to be insured, but the MHU has been elected as personal property: (i) the MHU should be transferred by bill of sale or comparable document; (ii) the land will be conveyed by warranty deed; (iii) the MHU can be included as collateral in a Deed of Trust lien and the MHU can be insured by title insurance policy and the T-31 and T-31.1 endorsements attached *only if* the MHU is properly affixed to the real estate so as to become real property.

   a. When the MHU is currently personal property as evidenced by a previously recorded SOL and the MHU is sold to a new purchaser, a new SOL in the name of the purchaser is required. See Section I (h), General Guidelines.

   c. **Forms to TDHCA**: MHU being converted from personal property to real property:

      - Obtain from TDHCA’s website a copy of the SOL to assist with filling out the forms to be submitted to the TDHCA and to obtain current application fees: [http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf](http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf)

      - **Application for SOL** – Following the instructions, you must elect to have the MHU treated as real property and you must provide the real property’s legal description exactly as it should be shown on SOL or indicate in the legal description area “See Exhibit A” and attach legal description separately.

      - **Form B**: Completed by the lienholder of record for the release of any personal property liens or in lieu of a release of lien, a statement by the title company, attorney, or federally insured financial institution that a title insurance commitment covering all prior liens on the home has been issued. If the lien isn’t going to be released, a statement from the lender consenting to the change of election from personal property to real property will also be accepted.

      - **A Tax Statement from Tax Assessor-Collector** (See [http://www.tdhca.state.tx.us/mh/docs/1076-TaxStatement.pdf](http://www.tdhca.state.tx.us/mh/docs/1076-TaxStatement.pdf) for form) from the tax assessor collector that there are no personal property taxes due on the MHU that may have accrued on each January 1st that fall within the 18 months before the date of sale. This tax statement confirms to the TDHCA that either a) property taxes for the current year have been billed and paid; OR b) the current tax year bill has not been mailed but taxes have been estimated and placed in escrow with the taxing authority. The tax statement also affirms that the MHU is not being assessed on the personal property tax rolls if the MHU was previously elected as real property and taxes paid.

   In order to satisfy TDHCA’s requirements and obtain a Tax Statement from the Tax Assessor/Collector, you must do one of the following:

   i) if the personal property taxes for the current year (and prior years) have been assessed/billed but not yet paid, you must collect and pay the taxes at closing; OR

   ii) if the personal property taxes for the current year have not yet been assessed/billed, you must contact the taxing authority and have them
provide you with the estimate of taxes for the current year, and you must collect and pay this estimated amount to the taxing authority; and Seller and Purchaser must execute a tax proration agreement or acceptable waiver assuming responsibility for any additional taxes should the escrowed amount be insufficient. This form should also contain an indemnity/hold harmless in favor of the Company should additional taxes become due for the current year.

Note: Since January of 2008, TDHCA has required that all personal property taxes due but not yet levied be estimated by the County Tax Collector and paid into an escrow account held by the County Tax Collector. When the tax bill is mailed and the taxes become payable, the County Tax Collector will apply the escrow amount to the tax bill.

b. Lien Perfection (Insuring the MHU elected as real property when MHU is already located on the land)

i. If the insured transaction is a sale of the MHU, and the purchaser is obtaining a loan for the purchase price, the transaction must include:

   ▪ Warranty Deed with Vendor's Lien, with Vendor's Lien being assigned to the lender; and
   ▪ Deed of Trust should contain renewal and extension of the Vendor’s Lien;

ii. If the transaction involves the refinance of a purchase money lien, see Section III.

iii. All personal property taxes must be paid per requirements above.

iv. All taxes must be paid on the real property and the MHU. If the MHU was properly converted to real property, the Chief Tax Appraiser of the applicable county appraisal district/tax assessor-collector should have been provided with copy of the SOL and should not be taxing the MHU as personal property.

v. If transaction is a sale, the Purchaser must execute the Manufactured Housing Unit Fair Market Value Disclosure form.

c. Policy (Insuring the MHU elected as real property when MHU is already located on the land):

   a. T-31: Note that the T-31 cannot be issued until the MHU has been converted to real property {(a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser of the applicable county.
appraisal district, and both have entered the MHU into their records as ‘Real Property’

b. T-31.1: Note that the T-31.1 cannot be issued until the MHU has been converted to real property {(a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’}. 

b. First Time Sale Of A New MHU – Real Property

When a new MHU will be transferred to a new owner, the MHU dealer must forward all documents to the buyer who shall apply for the SOL. Further, in order for a valid lien to exist and for the MHU to be real property, the owner must elect to treat the MHU as such and the closing must take place at the office of a federally insured financial institution, a title insurance company, or an attorney.

1. You must require the MHU dealer provide you with a signed “Instructions to Third Party Closer” form, addressed to your office (See TDHCA website for this form). Also, note that as provided below, the dealer will have to sign the Application for SOL.

2. Forms and Fees to TDHCA-

- Manufacturer’s Certificate of Origin (MCO) (required for sales that took place on or after 1/1/2008) from manufacturer.

- Obtain from TDHCA’s website a copy of the SOL Application Instructions to assist with filling out the forms to be submitted to the TDHCA and applicable fees: [http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf](http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf)

- Application for SOL – Following the instructions, you must elect to have the MHU treated as real property and you must provide the real property’s legal description exactly as it should be shown on SOL or indicate in the legal description area “See Exhibit A” and attach legal description separately.

NOTE as to Block 2 & 3 of the Application: Require Dealer provide to the title company the information necessary to complete Label/seal information. Each section of the MHU must be affixed with a label. Since the MHU is new, the dealer should have affixed the seal and should be able to provide the seal information to the title company. *This information is in addition to the MCO, which is required on new MHU being issued SOL for first time.

Have licensed installer complete Block 3, or require the dealer to provide sufficient information for title company to provide contact information for installer. On the first time sale of a new MHU, the dealer/retailer must arrange for the MHU to be installed on the land. Note: An MHU can only be installed by: (a) installer licensed by TDHCA, or (b) owner of the MHU and land on which MHU will be
installed, and such owner has obtained a “Temporary Installer’s License” from TDHCA.

- Note that the SOL must be signed by the dealer (seller/transferor) with notarization of the dealer’s signature.
- Texas Department of Transportation moving permit, since move was part of the sale.

3. **Lien Perfection** (Insuring the MHU as real property when a new MHU is being moved onto the land):

   a. When the transaction is: (i) a sale of a new MHU being moved to real property, (ii) the dealer/retailer will be installing the MHU as part of the sales agreement, and (iii) a purchaser who has a third party lender, the lien transaction should be structured as:

      - Warranty Deed with Vendor’s Lien for the purchase price of the land, with assignment of the Vendor’s Lien to the third party lender;
      - A retail installment contract for purchase/installation of MHU, of which you should obtain a copy; and
      - Deed of Trust that renews the Vendor’s Lien and the retail installment contract/sale agreement, in language substantially similar to the following:

        This deed of trust is given in renewal and extension of the vendor’s lien in amount of _____(land price) retained in deed dated _____, and of the purchase money lien in the amount of $_______(MHU price) in favor of [retail installment contract lender] as evidenced by that retail installment contract/sale agreement dated ______ and pertaining to manufactured home unit serial number ________.

        Attach a copy of the retail installment contract/sale agreement to the deed of trust to be recorded.

   b. When the transaction is:  (a) a sale of a new MHU being moved to real property, (b) the dealer will **not** be installing the MHU as part of the sales agreement (i.e.- separate agreement with the installer), and (c) the purchaser has a third party lender, the lien transaction should be structured as:

      - Warranty Deed with Vendor’s Lien for the purchase price of the land, with assignment of the Vendor’s Lien to the third party lender;
      - A retail installment contract/sale contract for purchase of the MHU;
• Require a Mechanic’s Lien Contract for the cost of installing the MHU on the land, with assignment of the Mechanic’s Lien to the third party lender; and

• Deed of Trust must renew the Vendor’s Lien, the retail installment contract/sale agreement, and the Mechanic’s Lien Contract with language substantially similar to the following:

  This deed of trust is given in renewal and extension of the vendor’s lien in amount of $______(land price) retained in deed dated _____, and of the purchase money lien in the amount of $_______(MHU price) in favor of [retail installment contract lender] as evidenced by that retail installment contract/sale agreement dated ________ and pertaining to manufactured home unit serial number ________, and Mechanic’s Lien Contract in amount of _____(cost of install), dated _____, by and between [insert owner and contractor’s names].

Note: When filing the documents for record, the following filing order must be followed: (1) the Warranty Deed; (2) the Mechanic’s Lien with the retail installment contract attached. The Warranty Deed must be recorded prior to the Mechanic’s Lien contract because the owner must actually be the owner of the land for a valid Mechanic’s Lien to exist against the property.

c. All taxes must be paid on the real property and the MHU, including all personal property taxes levied on the MHU.

d. The Purchaser must execute the Manufactured Housing Unit Fair Market Value Disclosure form.

4. Policy (Insuring the MHU as real property when a new MHU is being moved onto the land)

  1. P-8: Since the MHU is being moved on the land, and the transaction will close prior to the actual on-the-ground installation of the MHU onto the insured property, the transaction must be treated as a construction transaction and the policy(ies) must contain the Procedural Rule P-8 “pending disbursement” clause and general “mechanics’ liens” exception. The P-8 language may only be endorsed out after the Company has received the following information: (a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’.

  2. Further, the T-31 cannot be issued until the MHU has been converted to real property [(a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real
Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’.

3. Further, the T-31.1 cannot be issued until the MHU has been converted to real property {a) MHU has been installed on the land; b) TDHCA has issued a signed SOL; c) the SOL has been filed for record in the Real Property records in the county where the MHU and land is located; and d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’.

c. **Sale Of A Used MHU –(MHU will be moved to the land and MHU changing from Personal to Real Property)**

   *Note:* If TDHCA records indicate the MHU has been elected as personal property and is already situated on the land to be insured and not moved as part of your transaction, see section II(a)(1)(b).

1. When the MHU is currently elected as personal property as evidenced by a previously recorded SOL and the MHU is sold to a new purchaser, a new SOL in the name of the purchaser is required and the MHU must be moved to the real property and properly affixed to the real estate.

2. If the used MHU is being sold by a dealer, you must require the MHU dealer provide you with a signed “Instructions to Third Party Closer” form, addressed to your office (See TDHCA website for this form). Also, note that the dealer will have to sign the Application for SOL.

3. **Forms and Fees to TDHCA (Insuring a MHU as real property when MHU is being moved to the land and changing from personal to real property):**

   - Obtain from TDHCA’s website a copy of the Statement of Ownership and Location Application Instructions to assist with filling out the forms to be submitted to the TDHCA and for applicable filing fees:
     http://www.tdhca.state.tx.us/mh/docs/1037-applysol.pdf

   - Application for SOL – Following the instructions, you must elect to have the MHU treated as real property and you must provide the real property’s legal description exactly as it should be shown on SOL or indicate in the legal description area “See Exhibit A” and attach legal description separately.

   - Form B- Completed by the lienholder of record for the release of any personal property liens or in lieu of a release of lien, a statement by the title company, attorney, or federally insured financial institution that a title insurance commitment covering all prior liens on the home has been issued. If the lien isn’t going to be released, a statement from the lender consenting to the change of election from personal property to real property will also be accepted.
• **A Tax Statement from Tax Assessor-Collector** (See [http://www.tdhca.state.tx.us/mh/docs/1076-TaxStatement.pdf](http://www.tdhca.state.tx.us/mh/docs/1076-TaxStatement.pdf) for form) from the tax assessor collector that there are no personal property taxes due on the MHU that may have accrued on each January 1st that fall within the 18 months before the date of sale. This tax statement confirms that either a) property taxes for the current year have been billed and paid; OR b) the current tax year bill has not been mailed but taxes have been estimated and placed in escrow with the taxing authority. The tax statement also affirms that the MHU is not being assessed on the personal property tax rolls if the MHU was previously elected as real property and taxes paid.

In order to satisfy TDHCA’s requirements and obtain a Tax Statement from the Tax Assessor/Collector, you must do one of the following:

iii) if the personal property taxes for the current year (and prior years) have been assessed/billed but not yet paid, you must collect and pay the taxes at closing; OR

iv) if the personal property taxes for the current year have not yet been assessed/billed, you must contact the taxing authority and have them provide you with the estimate of taxes for the current year, and you must collect and pay this estimated amount to the taxing authority; and Seller and Purchaser must execute a tax proration agreement or acceptable waiver assuming responsibility for any additional taxes should the escrowed amount be insufficient. This form should also contain an indemnity/hold harmless in favor of the Company should additional taxes become due for the current year.

**Note:** Since January of 2008, TDHCA has required that all personal property taxes due but not yet levied be estimated by the County Tax Collector and paid into an escrow account held by the County Tax Collector. When the tax bill is mailed and the taxes become payable, the County Tax Collector will apply the escrow amount to the tax bill.

- Texas Department of Transportation moving permit

3. **Perfecting the Lien**- (Insuring a MHU as real property when MHU is being moved to the land and changing from personal to real property):

a. When the transaction is a sale of: (a) a used MHU being moved to real property, (b) the Seller is a MHU Dealer, (c) the dealer/seller will be installing the MHU as part of the sales agreement, and (d) the purchaser has a third party lender, the lien transaction should be structured as:

- Warranty Deed with Vendor’s Lien for the purchase price of the land, with assignment of the Vendor’s Lien to the third party lender;

- A retail installment contract/sale contract for purchase/installation of MHU; and
• Deed of Trust must renew the Vendor’s Lien and the retail installment contract/sale agreement, in language substantially similar to the following:

This deed of trust is given in renewal and extension of the vendor’s lien in amount of ______ (land price) retained in deed dated _____, and of the purchase money lien in the amount of $_______ (MHU price) in favor of [retail installment contract lender] as evidenced by that retail installment contract/sale agreement dated _____ and pertaining to manufactured home unit serial number ________.

Attach a copy of the retail installment contract/sale agreement to the deed of trust to be recorded.

• If the transaction involves the refinance of a purchase money lien, see Section III.

b. When the transaction is:  (a) sale of a used MHU being moved to real property, (b) the dealer OR seller will not be installing the MHU as part of the sales agreement, and (c) the purchaser has a third party lender, the lien transaction should be structured as:

• Warranty Deed with Vendor’s Lien for the purchase price of the land, with assignment of the Vendor’s Lien to the third party lender;

• A retail installment contract for purchase of MHU and/or Bill of Sale for the transfer of the MHU;

• Require a Mechanic’s Lien Contract for the cost of installing the MHU on the land, with assignment of the Mechanic’s Lien to the third party lender; and

• The Deed of Trust must renew the Vendor’s Lien, the retail installment contract/sale agreement, and the Mechanic’s Lien Contract in language substantially similar to the following:

This deed of trust is given in renewal and extension of the vendor’s lien in amount of $______ (land price) retained in deed dated _____, and of the purchase money lien in the amount of $_______ (MHU price) in favor of [retail installment contract lender] as evidenced by that retail installment contract/sale agreement dated _____ and pertaining to manufactured home unit serial number ________, and Mechanic’s Lien Contract in amount of _____ (install price), dated _____, by and between [insert owner and contractor’s names].
Note: When filing the documents for record, the following filing order must be followed: (1) the Warranty Deed; (2) the Mechanic’s Lien; and (3) the Deed of Trust with the retail installment contract attached. The Warranty Deed must be recorded prior to the Mechanic’s Lien contract because the owner must actually be the owner of the land for a valid Mechanic’s Lien to exist against the property.

- If the transaction involves the refinance of a purchase money lien, see Section III.
- All taxes must be paid on the real property and the MHU, including all personal property taxes levied on the MHU.
- If transaction is a sale, the Purchaser must execute the Manufactured Housing Unit Fair Market Value Disclosure form.

4. Policy (Insuring a MHU as real property when MHU is moving onto the land and changing from personal to real property)
   a. P-8: Since the MHU is being moved on the land, and the transaction will close prior to the actual on-the-ground installation of the MHU onto the insured property, the transaction must be treated as a construction transaction and the policy(ies) must contain the Procedural Rule P-8 “pending disbursement” clause and general “mechanics’ liens” exception. The P-8 language may only be endorsed out after the Company has received the following information: (a) MHU has been installed on the land; (b) TDHCA has issued a signed SOL; (c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’.

   b. Further, the T-31 cannot be issued until the MHU has been converted to real property {a) MHU has been installed on the land; b) TDHCA has issued a signed SOL; c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’.

   c. Further, the T-31.1 cannot be issued until the MHU has been converted to real property {a) MHU has been installed on the land; b) TDHCA has issued a signed SOL; c) the SOL has been filed for record in the Real Property Records in the county where the MHU and land is located; and (d) a copy of the recorded SOL, with clerk’s stamp, has been sent to TDHCA and to the Chief Tax Appraiser for the applicable appraisal district, and both have entered the MHU into their records as ‘Real Property’.

III. Refinance Transactions
1. If the transaction involves the refinance of a purchase money lien, verify that the purchase was evidenced by either a mechanic’s lien contract that covered the cost of installation and the purchase of the MHU, or obtain a copy of the retail installment contract/sale agreement that created a purchase money lien against the MHU. When the transaction involves conversion of an MHU from personal property to real property, the deed of trust should contain a clause substantially similar to the following: “This deed of trust is given in renewal, extension, and conversion under Article 16, Section 50(a)(8) of the Texas Constitution of a retail installment contract in the amount of $_______ payable to ______.” Additionally, attach a copy of the retail installment contract/sale agreement to the deed of trust to be recorded.

2. In addition to the verifications required, the guidelines for refinance transactions are essentially the same as those set out above for Sale of New MHU or Sale of Used MHU (not being moved) except that the TDHCA forms should be completed and executed in a manner that reflects there is no “seller”.

3. If the transaction involves the refinance of loan for acquisition of a MHU that occurred on or after September 1, 2003, verify that the purchase closed at the office of a federally insured financial institution, a title insurance company, or an attorney. Do not close the refinance transaction without consulting Regional Underwriting if you are not able to verify the prior closing location.

5. RATE RULES: R11(e) -$20.00 (LP) and R-15(c) $50.00 (OTP)

Loan Policy- R11(e):
“Endorsement issued as provided in Rule P-9.b.(7)----A premium of $20.00 shall be charged for the issuance of endorsement form T-31 as provided for in Rule P-9.b.(7). A premium of $50 shall be charged for the issuance of endorsement form T-31.1 as provided for in Rule P-9.b.(7).”

Owner Policy- R15(c):
“Manufactured Housing Unit – A premium of $50.00 shall be charged for each T-31.1 Endorsement issued, as provided in Rule P-9a(4).”

6. COMPLETING THE FORM:

Insert the following information into the endorsement form:

a. Owner or Loan Policy Number and date of the policy; and
b. Date of the endorsement.

See also guidelines for issuing policy above for the specific transaction guidelines.
MINERALS AND SURFACE DAMAGE ENDORSEMENT- FORM T-19.2

1. PURPOSE:
The Minerals and Surface Damage Endorsement provides coverage against damage to improvements (excluding lawns, shrubbery, or trees) located on the Land and resulting from the use of the surface for the extraction or development of coal, lignite, oil, gas or other minerals.

2. APPLICABLE POLICIES:
Any Loan or Owner policy covering the type of real property required by the applicable procedural rule.

3. PROCEDURAL RULES: P-50.1

"P-50.1. Minerals and Surface Damage Endorsement (T-19.2), and Minerals and Surface Damage Endorsement (T-19.3)
Any insured matter covered in the Minerals and Surface Damage Endorsement T-19.2 or T-19.3 may be insured only by the use of these endorsements, except that coverage regarding minerals may be insured by the use of the T-19 or T-19.1 endorsements as provided in P-50.

When the policy includes an exclusion or an exception regarding minerals as provided in Procedural Rule P-5.1:

1. As to real property of one acre or less improved or intended to be improved for one-to-four family residential use, the Company upon request by the insured must issue its Minerals and Surface Damage Endorsement (T-19.2) to an Owner or Loan Policy.

2. As to real property improved or intended to be improved for office, industrial, retail, mixed use retail/residential, or multifamily purposes, the Company upon request by the insured must issue its Minerals and Surface Damage Endorsement (T-19.2) to an Owner or Loan Policy.

3. As to other real property, the Company upon request by the insured must issue its Minerals and Surface Damage Endorsement (T-19.3) to an Owner or Loan Policy.

4. As to an Owner or Loan Policy covering multiple parcels of real property that consist of a combination of real property described in paragraphs 1 or 2, and 3, the Company upon request by the insured must issue for each parcel the applicable Minerals and Surface Damage Endorsement (T-19.2 or T-19.3) to the Owner or Loan Policy."

NOTE: As a result of the passage of HB 2408, Texas Insurance Code §2703.0515, effective Jan. 1, 2012, title companies may generally except or exclude minerals per P-5.1, but are no longer required to issue this endorsement upon request as provided in P-50.1(3).
4. **UNDERWRITING REQUIREMENTS:**

The endorsement *may* be issued upon request of the insured and under the following conditions:

a. If the insured land is real property that is improved or intended to be improved for one-to-four family residential use and is in a platted subdivision, this endorsement may be issued without additional requirements; OR

b. If the insured land is real property that is one (1) acre of less that is improved or intended to be improved for one-to-four family residential (unplatted) OR is of any size that is improved or intended to be improved for office, industrial, retail, mixed use residential/retail or multi-family, then the following requirements must be met:

   i. The policy contains one of the following as provided in P-5.1:

      a) Mineral exclusion in Schedule A(2): “subject to, and the Company does not insure title to, and excepts from the description of the Land, coal, lignite, oil, gas and other minerals in, under and that may be produced from the Land, together with all rights, privileges and immunities relating thereto”; or

      b) Mineral exception in Schedule B: “All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.”

   NOTE: All policies should contain either the exclusion in Schedule A or the exception in Schedule B unless an adequate search is performed in accordance with the Company’s underwriting guidelines; AND

   ii. The [T-19 Endorsement](#) will be issued on the Loan Policy and/or the [T-19.1 Endorsement](#) will be issued on the Owner Policy (as applicable) per the instructions of the parties and in accordance with the Company’s guidelines.

c. If the policy covers multiple parcels, you need only issue one endorsement for the various parcels. However, if there is more than one parcel covered in the policy and only certain parcels meet the criteria above, you would issue the T-19.2 only for the qualifying parcel(s) and the T-19.3 on the other parcels.

d. If the property is not one of the types described above, see Section Minerals and Surface Damage Endorsement, Form T-19.3.

5. **RATE RULE: R.29.1(A) - $50.00-OTP/No Charge-Loan Policy**

“R.29.1. Premium for Minerals and Surface Damage Endorsement (T-19.2), and Minerals and Surface Damage Endorsement (T-19.3)

A. When the Minerals and Surface Damage Endorsement (T-19.2) is issued in accordance with Rule P-50.1, the premium shall be $50.00.”
NOTE: This rate rule shall only be applied in the issuance of an Owner Policy. Do not collect a premium for the issuance of this endorsement to a Loan Policy. Due to the enactment of Texas Insurance Code § 2703.0515, effective Jan. 1, 2012, title companies are not longer permitted to collect a premium for the issuance of the T-19.2 or T-19.3 endorsement to a Loan Policy.

6. COMPLETING THE FORM

Insert the following information on the endorsement form:

a. Owner or Loan Policy number;
b. Date of the endorsement; and
c. Insert Parcel Number.
MINERALS AND SURFACE DAMAGE ENDORSEMENT- FORM T-19.3

1. PURPOSE:

The Minerals and Surface Damage Endorsement provides coverage against damage to permanent buildings resulting from the future use of the surface for the extraction or development of coal, lignite, oil, gas and other minerals.

2. APPLICABLE POLICIES:

Any Loan or Owner policy covering the type of real property required by the applicable procedural rule.

3. PROCEDURAL RULES: P-50.1

“P-50.1. Minerals and Surface Damage Endorsement (T-19.2), and Minerals and Surface Damage Endorsement (T-19.3)

Any insured matter covered in the Minerals and Surface Damage Endorsement T-19.2 or T-19.3 may be insured only by the use of these endorsements, except that coverage regarding minerals may be insured by the use of the T-19 or T-19.1 endorsements as provided in P-50. When the policy includes an exclusion or an exception regarding minerals as provided in Procedural Rule P-5.1:

1. As to real property of one acre or less improved or intended to be improved for one-to-four family residential use, the Company upon request by the insured must issue its Minerals and Surface Damage Endorsement (T-19.2) to an Owner or Loan Policy.

2. As to real property improved or intended to be improved for office, industrial, retail, mixed use retail/residential, or multifamily purposes, the Company upon request by the insured must issue its Minerals and Surface Damage Endorsement (T-19.2) to an Owner or Loan Policy.

3. As to other real property, the Company upon request by the insured must issue its Minerals and Surface Damage Endorsement (T-19.3) to an Owner or Loan Policy.

4. As to an Owner or Loan Policy covering multiple parcels of real property that consist of a combination of real property described in paragraphs 1 or 2, and 3, the Company upon request by the insured must issue for each parcel the applicable Minerals and Surface Damage Endorsement (T-19.2 or T-19.3) to the Owner or Loan Policy.”

NOTE: As a result of the passage of HB 2408, Texas Insurance Code §2703.0515, effective Jan. 1, 2012, title companies may generally except or exclude minerals per P-5.1, but are no longer required to issue this endorsement upon request as provided in P-50.1(3).
4. **UNDERWRITING REQUIREMENTS:**

The endorsement *may* be issued upon request of the insured and upon the following conditions:

a. The property must be any property other than one the following:
   i. real property that is one (1) acres or less that is improved or intended to be improved for one-to-four family residential use; or
   ii. real property of any size that is improved or intended to be improved for office, industrial, retail, mixed use residential/retail or multi-family.

If the property IS one of the types described above, the T-19.2 is required. See Section *Minerals and Surface Damage Endorsement, Form T-19.2; AND*

b. The policy contains one of the following per P-5.1:
   i. Mineral exclusion in Schedule A(2): “subject to, and the Company does not insure title to, and excepts from the description of the Land, coal, lignite, oil, gas and other minerals in, under and that may be produced from the Land, together with all rights, privileges and immunities relating thereto”; or
   ii. Mineral exception in Schedule B: “All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.”

   **NOTE:** All policies should contain either the exclusion in Schedule A or the exception in Schedule B unless an adequate search is performed in accordance with the Company’s underwriting guidelines.; AND

c. The **T-19 Endorsement** will be issued on the Loan Policy and/or the **T-19.1 Endorsement** will be issued on the Owner Policy (as applicable) per the instructions of the parties and in accordance with the Company’s guidelines.

d. If the policy covers multiple parcels, you need only issue one endorsement for the various parcels. However, if there is more than one parcel covered in the policy and only certain parcels meet the criteria above, you would issue the T-19.3 only for the qualifying parcel(s) and the T-19.2 on the other parcels.

5. **RATE RULE: R.29.1(B) - $50.00-OTP/No charge-LP**

“B. When the Minerals and Surface Damage Endorsement (T-19.3) is issued in accordance with Rule P-50.1, the premium shall be $50.00.”

**NOTE:** This rate rule shall only be applied in the issuance of an Owner Policy. Do not collect a premium for the issuance of this endorsement to a Loan Policy. Due to the enactment of Texas Insurance Code § 2703.0515, effective Jan. 1, 2012, title companies
are not longer permitted to collect a premium for the issuance of the T-19.2 or T-19.3 endorsement to a Loan Policy.

6. COMPLETING THE FORM

Insert the following information on the endorsement form:

a. Owner or Loan Policy number;
b. Date of the endorsement; and
c. Parcel Number.
MODIFICATION ENDORSEMENT-FORM T-38

1. **PURPOSE:**

Insures that the insured mortgage under a Loan Policy has not been reduced or terminated due to a release of collateral or modification of certain loan terms.

2. **APPLICABLE POLICY:**

May be attached to any previously issued Loan Policy.

3. **PROCEDURAL RULE: P-9(B)(3)**

“Partial Release, Release of Additional Collateral, Modification Agreement, Reinstatement Agreement and/or Release from Personal Liability - When a Mortgagee Policy has been issued covering the lien securing an indebtedness, and the holder of such Mortgagee Policy desires to:

(a) release a part of the land described in Schedule A of said Policy; and/or
(b) release additional collateral securing indebtedness described in said Schedule A; and/or
(c) modify only one or more of the following items described in Schedule A of said policy: the mortgage, deed of trust, security instrument, guaranty or promissory note by entering into a Modification Agreement; and/or
(d) reinstate said mortgage or deed of trust by entering into a Reinstatement Agreement; and/or
(e) release the mortgagor(s) or other obligors from personal liability;

Upon payment of the premium prescribed by rate rule R-11.b, the Company which issued the original policy may issue a Form T-38 Endorsement thereto to show that policy coverage has not been reduced or terminated solely by virtue of the modification, reinstatement or release.

An endorsement shall not be issued under this subparagraph (3) if:

(i) the modification agreement, reinstatement agreement or other instrument expressly creates or grants a lien or power of sale; or
(ii) the indebtedness secured by the lien of the insured mortgage or deed of trust is evidenced by a new promissory note; or
(iii) the insured mortgage or deed of trust is modified to secure additional principal indebtedness other than accrued or deferred interest on the specific indebtedness described on Schedule A of the policy or advances made pursuant to the terms of the original mortgage or deed of trust; or
(iv) the insured mortgage or deed of trust is cross-collateralized or otherwise modified to cover property not described on Schedule A of the policy.”

4. **UNDERWRITING REQUIREMENTS:**

a. Obtain a copy of the recorded or proposed modification/reinstatement agreement and review to determine that the modification is one of the permitted changes:

   i) release of collateral securing the mortgage;
   ii) release of a borrower/guarantor of personal liability;
iii) change in interest rate;
iv) change in the payment terms (i.e. maturity date);
v) substitution of new borrower;
vi) reinstatement of mortgage/deed of trust;

b. The Modification Endorsement does not downdate or extend the effective date of the policy AND the endorsement is not available if the modification provides for or purports to do any of the following:

- creates a new lien or power of sale;
- requires a new promissory note;
- secures additional indebtedness (other than accrued interest or advances made in accordance with the original loan terms); or
- secure additional property or collateral not described in Schedule A of the policy securing the loan;

c. If the loan was modified before the proposed modification to be covered by the endorsement, you must obtain a copy of the prior modification instrument to determine that the prior modification complied the underwriting guidelines for issuing a T-38 Modification Endorsement as set out in subsection a and b above; and

d. If the loan being modified is a Home Equity Loan, then contact Regional Underwriting.

5. RATE RULE: R-11(b) -$100 w/in 1 yr. + $10.00 for each 12 mo. Period (min. 50% BPR)

“Endorsement issued as provided in Rule P-9b(3)----A premium of $100.00 shall be charged for each Endorsement issued within one year after the date of the original policy. If issued after said one year period, an additional $10.00 shall be charged for each twelve-month period thereafter, or a part thereof. In no event, however, shall such premium exceed 50% of the premium applicable to the original Mortgagee Policy under the Schedule of Basic Rates.”

6. COMPLETING THE FORM:

Insert the following information in the endorsement form:

a. Loan policy number;
b. Date of endorsement; and
c. Insert date of execution and recording information for the Modification/Reinstatement Agreement.
NON-IMPUTATION ENDORSEMENT- FORM T-24

1. PURPOSE:

This endorsement is typically requested in situations where it is contemplated that new partners/officers or directors will acquire an interest in the partnership or corporation after closing. This endorsement amends provisions in the Owner Policy so that the Company will not deny liability to the insured for matters imputed to said incoming partners or officers.

Example: ABC, Inc. is the Owner of an apartment complex. XYZ, L.L.C. has purchased 75% of the stock in ABC, Inc. owned by John Smith and Henry James. XYZ, L.L.C. has requested a new Owner’s Policy that insures ABC, Inc. as the vested Owner of the property. XYZ, L.L.C. is concerned about off record title matters that may be known by John Smith and Henry James being imputed to the insured, ABC, Inc., which would be excluded from coverage under the policy. The Non-Imputation Endorsement (T-24) would amend the terms of the Owner Policy so that the Company would not deny liability for certain title matters imputed to XYZ, LLC due to their acquisition of interest in ABC, LLC.

2. APPLICABLE POLICIES:

May only be issued simultaneously with an Owner Policy (T-1) covering non-residential property.

3. PROCEDURAL RULE: P-55


A Company may issue its Non-Imputation Endorsement (T-24) or its Non-Imputation Endorsement (Mezzanine Financing) (T-24.1) to a concurrently issued Owner’s Policy (T-1) on land which is not residential real property, if its underwriting requirements are met and if it is paid the premium, if any, prescribed in Rate Rule R-31. The Company may add any exception to the endorsement that it considers, in its sole discretion, to be appropriate. Any matter covered in the Non-Imputation Endorsement (T-24) or the Non-Imputation Endorsement (Mezzanine Financing) (T-24.1) may be insured only by the use of the applicable Non-Imputation Endorsement. A Company may not issue its Non-Imputation Endorsement (T-24) or its Non-Imputation Endorsement (Mezzanine Financing) (T-24.1) on residential real property.”

4. UNDERWRITING REQUIREMENTS:

The Non-Imputation Endorsement can only be issued with Regional Underwriting approval.

In order to issue this endorsement, the following guidelines must be adhered to:

a. The commitment/policy must cover property that is non-residential;

b. We must receive a fully executed Non-Imputation Endorsement Indemnity Agreement (attached hereto) from the departing partner(s), shareholder(s) and/or officers or directors that there are no adverse title matters known by them that would be imputed to the incoming parties. The form attached hereto must be used; and
c. Regional Underwriting must review the following before such approval will be given:
   i. the names of the departing partner(s), shareholder(s) and/or officers or directors, as well as the name of any partner(s) shareholder(s) and/or officers and directors who will remain with the new owners; and
   ii. Audited financial statements for all parties named in subsection b above.

5. RATE RULE: R-31 – 5% of BPR (min. of $25.00)

“R-31 PREMIUM FOR NON-IMPUTATION ENDORSEMENT (T-24).
When the Non-Imputation Endorsement (T-24) or Non-Imputation Endorsement (Mezzanine Financing)(T-24.1) is issued with an Owner Policy (T-1) in accordance with Rule P-55, the premium for the Non-Imputation Endorsement (T-24) or Non-Imputation Endorsement (Mezzanine Financing)(T-24.1)shall be 5% of the Basic Rate for each policy provided that the minimum premium shall be not less than $25.00”

6. COMPLETING THE FORM:

   Insert the following information in the endorsement form:
   a. Loan policy number;
   b. Date of endorsement;
   c. Insert the names of the outgoing partners/officers/directors;
   d. Insert the names of the incoming partners/officers/directors; and
   e. Add any exception to the endorsement that the Company considers to be appropriate, if any.
NON-IMPUTATION ENDORSEMENT INDEMNITY AGREEMENT

Date:
File No.:
Escrow Agent:
Underwriter:
Undersigned Indemnitor:
Insured:
Property:

WHEREAS, Underwriter, by and through its Escrow Agent, is about to issue its title insurance policy or policies, hereinafter referred to as “Title Insurance Policies”, in respect to the Property;

AND WHEREAS, Underwriter has been requested to issue its Title Insurance Policies and may in the ordinary course of its business issue Title Insurance Policies or title commitments therefore in the form or forms now or then commonly used by Underwriter in respect to the Property or to some parts or parts thereof, or interest therein, together with “Non-Imputation Endorsements”, sometimes hereafter referred to as “the Endorsements”, pursuant to which Underwriter agrees that notwithstanding the terms of the Conditions And Stipulations or the Exclusions From Coverage of the Title Insurance Policies to the contrary, in the event of loss or damage insured against under said Title Insurance Policies, Underwriter will not deny its liability thereunder to the Insured on the ground that said Insured had knowledge of any matter solely by reason of notice thereof imputed to it through _________________, all as more fully set forth in the Endorsements;

AND WHEREAS, Underwriter would refrain from issuing the Endorsements to the Title Insurance Policies in the absence of the representations, agreements and undertakings contained herein;

NOW THEREFORE, the Undersigned, as a material inducement to Underwriter to issue the Title Insurance Policies with the Endorsements, represent and affirm that neither _______________ nor any of the Undersigned have done anything to create any lien, encumbrance, transfer of interest, constructive trust or other equity in the Property not disclosed in the title commitments nor do they have any knowledge of such adverse interests, EXCEPT FOR the following matters: (if none, so state)

________________________________________________________________

FURTHER, the Undersigned, jointly and severally, for themselves, their heirs, personal representatives and assigns do hereby covenant and agree with Underwriter:

1. To forever fully protect, defend and save Underwriter harmless from and against any and all loss, costs, damages, attorney’s fees and expenses of every kind and nature which it may suffer, expend or incur under or by reason of, or in consequence of, the Title Insurance Policies with the Endorsements on account of, or in consequence of, or growing out of any such lien, encumbrance, transfer of interest, constructive trust or other equity in the land created by _______________ or any of the Undersigned and not disclosed in the title commitments, or
on account of the assertion or enforcement or attempted assertion or enforcement thereof or of any rights existing or hereafter arising or which may be claimed to exist under or by reason of, or in consequence of, or growing out of the items referred to above;

2. To provide for the defense, at their own expense, on behalf and for the protection of Underwriter and parties protected under the Endorsements who may become so protected, against loss or damage under the Title Insurance Policies with the Endorsements (but without prejudice to the right of Underwriter to defend if it so elects) in all litigation consisting of actions or proceedings based on any items referred to above which may be asserted or attempted to be asserted, established or enforced in, to, upon, against or in respect to the Property or any part thereof, or interest therein;

3. To pay, discharge, satisfy or remove all or any of the items referred to above, when called upon by Underwriter after thirty (30) days’ notice in writing and mailed to Undersigned at the address set out below;

4. That each and every provision herein shall extend and be enforced concerning future Title Insurance Policies or title commitments.

Nothing contained herein shall be construed so as to obligate Undersigned to issue its Title Insurance Policies with the Endorsements in the form requested. However, should Underwriter issue any such Title Insurance Policies, it will do so in reliance upon the undertakings of the Undersigned and the issuance of such Title Insurance Policies with the Endorsements shall be the consideration for the above undertakings by the Undersigned.

Underwriter shall have the right at any time hereafter, after notice to the Undersigned below, when it shall deem necessary, expedient, desirable or of interest to do so, in its sole discretion, to pay, discharge, satisfy or remove from the title to said Property all or any of the items set out above. The Undersigned covenant and agree to pay to Underwriter all amounts so expended.

IN WITNESS WHEREOF, the Undersigned has executed this agreement this day of , 20

_________________________________________  __________________________________________
(Print or type name)  (Print or type name)

Address: __________________________________  Address: ________________________________
NON-IMPUTATION ENDORSEMENT (MEZZANINE FINANCING)- FORM T-24.1

1. PURPOSE:

This endorsement is typically requested in situations where it is contemplated that new partners/officers or directors will acquire an interest in the partnership or corporation after closing. This endorsement provides insurance to a lender whose loan is secured not by a lien against the land but rather by some form of security against the beneficial interest of the business entity that owns the Land. The security may be a pledge of and security interest in the stock in a corporation, partnership interest in a partnership, or membership interest in a limited liability company. The endorsement is made a part of an Owner’s Policy rather than a Loan Policy, because the lender’s personal property security interest is not being insured so no Loan Policy is issued to the lender. The endorsement assigns the rights under the policy of the Insured owner of the Land to the defined Mezzanine Lender. The endorsement provides that the Company will not assert as a defense to matters known to the Insured owner, as long as they were not known to the Mezzanine Lender. It further provides that the Company will not deny liability on the basis that ownership interests in the Insured have been transferred to or acquired by the Mezzanine Lender.

2. APPLICABLE POLICIES:

May only be issued simultaneously with an Owner Policy (T-1) covering non-residential property.

3. PROCEDURAL RULE: P-55

A Company may issue its Non-Imputation Endorsement (T-24) or its Non-Imputation Endorsement (Mezzanine Financing) (T-24.1) to a concurrently issued Owner’s Policy (T-1) on land which is not residential real property, if its underwriting requirements are met and if it is paid the premium, if any, prescribed in Rate Rule R-31. The Company may add any exception to the endorsement that it considers, in its sole discretion, to be appropriate. Any matter covered in the Non-Imputation Endorsement (T-24) or the Non-Imputation Endorsement (Mezzanine Financing) (T-24.1) may be insured only by the use of the applicable Non-Imputation Endorsement. A Company may not issue its Non-Imputation Endorsement (T-24) or its Non-Imputation Endorsement (Mezzanine Financing) (T-24.1) on residential real property.”

4. UNDERWRITING REQUIREMENTS:

The Non-Imputation Endorsement can only be issued with Regional Underwriting approval.

In order to issue this endorsement, the following guidelines must be adhered to:

a. The commitment/policy must cover property that is non-residential;

b. We must receive a fully executed Non-Imputation Endorsement Indemnity
Agreement (attached hereto) from the departing partner(s), shareholder(s) and/or officers or directors that there are no adverse title matters known by them that would be imputed to the incoming parties. The form attached hereto must be used; and

c. Regional Underwriting must review the following before such approval will be given:
i. the names of the departing partner(s), shareholder(s) and/or directors, as well as the name of any partner(s) shareholder(s) and/or officers and directors who will remain with the new owners; and

ii. Audited financial statements for all parties named in subsection b above;

and

d. The Insured owner (corporation, partnership, limited liability company or other business entity) and Mezzanine Lender must sign the endorsement in the space provided indicating their agreement to accept the terms and conditions of the endorsement which states that the insured owner will assign to the Mezzanine Lender the amounts payable under the policy as indicated by the Insured’s signature at the end of the Endorsement.

5. RATE RULE: R-31 – 5% of BPR (min. of $25.00)

“R-31 PREMIUM FOR NON-IMPUTATION ENDORSEMENT (T-24). When the Non-Imputation Endorsement (T-24) or Non-Imputation Endorsement (Mezzanine Financing)(T-24.1) is issued with an Owner Policy (T-1) in accordance with Rule P-55, the premium for the Non-Imputation Endorsement (T-24) or Non-Imputation Endorsement (Mezzanine Financing)(T-24.1)shall be 5% of the Basic Rate for each policy provided that the minimum premium shall be not less than $25.00”

6. COMPLETING THE FORM:

Insert the following information in the endorsement form:

a. Loan policy number;
b. Date of endorsement;
c. Insert the name of the Mezzanine Lender;
d. Add any exception to the endorsement that the Company considers to be appropriate, if any; and
e. The endorsement must be executed by the Insured and Mezzanine Lender.
NON-IMPUTATION ENDORSEMENT INDEMNITY AGREEMENT

Date: 
File No.: 
Escrow Agent: 
Underwriter: 
Undersigned Indemnitor: 
Insured: 
Property: 

WHEREAS, Underwriter, by and through its Escrow Agent, is about to issue its title insurance policy or policies, hereinafter referred to as "Title Insurance Policies", in respect to the Property;

AND WHEREAS, Underwriter has been requested to issue its Title Insurance Policies and may in the ordinary course of its business issue Title Insurance Policies or title commitments therefore in the form or forms now or then commonly used by Underwriter in respect to the Property or to some parts or parts thereof, or interest therein, together with "Non-Imputation Endorsements", sometimes hereafter referred to as "the Endorsements", pursuant to which Underwriter agrees that notwithstanding the terms of the Conditions And Stipulations or the Exclusions From Coverage of the Title Insurance Policies to the contrary, in the event of loss or damage insured against under said Title Insurance Policies, Underwriter will not deny its liability thereunder to the Insured on the ground that said Insured had knowledge of any matter solely by reason of notice thereof imputed to it through __________________________ , all as more fully set forth in the Endorsements;

AND WHEREAS, Underwriter would refrain from issuing the Endorsements to the Title Insurance Policies in the absence of the representations, agreements and undertakings contained herein;

NOW THEREFORE, the Undersigned, as a material inducement to Underwriter to issue the Title Insurance Policies with the Endorsements, represent and affirm that neither __________________________ nor any of the Undersigned have done anything to create any lien, encumbrance, transfer of interest, constructive trust or other equity in the Property not disclosed in the title commitments nor do they have any knowledge of such adverse interests, EXCEPT FOR the following matters: (if none, so state)

FURTHER, the Undersigned, jointly and severally, for themselves, their heirs, personal representatives and assigns do hereby covenant and agree with Underwriter:

1. To forever fully protect, defend and save Underwriter harmless from and against any and all loss, costs, damages, attorney’s fees and expenses of every kind and nature which it may suffer, expend or incur under or by reason of, or in consequence of, the Title Insurance Policies with the Endorsements on account of, or in consequence of, or growing out of any such lien, encumbrance, transfer of interest, constructive trust or other equity in the land created by __________________________ or any of the Undersigned and not disclosed in the title commitments, or on account of the assertion or enforcement or attempted assertion or
enforcement thereof or of any rights existing or hereafter arising or which may be claimed to exist under or by reason of, or in consequence of, or growing out of the items referred to above;

2. To provide for the defense, at their own expense, on behalf and for the protection of Underwriter and parties protected under the Endorsements who may become so protected, against loss or damage under the Title Insurance Policies with the Endorsements (but without prejudice to the right of Underwriter to defend if it so elects) in all litigation consisting of actions or proceedings based on any items referred to above which may be asserted or attempted to be asserted, established or enforced in, to, upon, against or in respect to the Property or any part thereof, or interest therein;

3. To pay, discharge, satisfy or remove all or any of the items referred to above, when called upon by Underwriter after thirty (30) days’ notice in writing and mailed to Undersigned at the address set out below;

4. That each and every provision herein shall extend and be enforced concerning future Title Insurance Policies or title commitments.

Nothing contained herein shall be construed so as to obligate Undersigned to issue its Title Insurance Policies with the Endorsements in the form requested. However, should Underwriter issue any such Title Insurance Policies, it will do so in reliance upon the undertakings of the Undersigned and the issuance of such Title Insurance Policies with the Endorsements shall be the consideration for the above undertakings by the Undersigned.

Underwriter shall have the right at any time hereafter, after notice to the Undersigned below, when it shall deem necessary, expedient, desirable or of interest to do so, in its sole discretion, to pay, discharge, satisfy or remove from the title to said Property all or any of the items set out above. The Undersigned covenant and agree to pay to Underwriter all amounts so expended.

IN WITNESS WHEREOF, the Undersigned has executed this agreement this day of , 20 .

________________________________________  __________________________________________
(Print or type name)                                                              (Print or type name)
Address: ______________________________________________________________________
                                                                                     __________________________________________
                                                                                     (Print or type name)
Address: ______________________________________________________________________
PLANNED UNIT DEVELOPMENT ENDORSEMENT- FORM T-17

1. PURPOSE:

Provides comprehensive coverage to an insured lender for loss concerning violations of restrictive covenants, homeowners association charges and assessments, encroachments and the exercise of preemptive options or rights of first refusal to purchase, all pertaining to land located in a planned unit development.

2. APPLICABLE POLICIES:

May be issued with a Loan Policy covering residential real property.

3. PROCEDURAL RULE: P-9b(14)

“A Company may issue its Planned Unit Development Endorsement (T-17) to Mortgagee Policy, if its underwriting requirements are met and if it is paid the premium prescribed in Rate Rule R-11(l). The Company may delete any insuring provision if it does not consider that risk acceptable. The Company may not issue the Planned Unit Development Endorsement (T-17) if the land covered by the policy is not residential real property. Any insurance matter that may be covered by a Planned Unit Development Endorsement (T-17) may be insured only by the use of the Planned Unit Development Endorsement (T-17).”

NOTE: The P-9b(14) states that the corresponding rate rule for this endorsement is found in ‘R-11(l)’. However, the applicable rate rule for the Planned Unit Development Endorsement (T-17) is found in Rate Rule R-11(k). The rate rule was re-numbered pursuant to Commissioner Order No. 10-0960, 2008 Texas Title Insurance Biennial Rate Hearing.

4. UNDERWRITING REQUIREMENTS:

In order to issue this endorsement, you must adhere to the following guidelines contained in the checklist:

**PLANNED UNIT DEVELOPMENT ENDORSEMENT CHECKLIST**

| ☐ | The property must be residential real property located within a platted subdivision or a condominium unit. Note: The T-28-Condominium Endorsement is available for condominium units and if you are issuing the Condominium Endorsement, you may not also issue the T-17 Endorsement. |
| ☐ | An acceptable survey that complies with Procedural Rule P-2 and our underwriting requirements is required. If you do not have a survey, contact Regional Underwriting. |
| ☐ | Any provision in paragraphs 1 through 4 of the T-17 can be deleted. If any of the coverages are to be deleted from the T-17, you must disclose to the lender each coverage to be deleted and require that the lender provide authorization to close using the Notice to the Lender of Deletion (attached hereto). See Section 6 below for instructions on how to delete coverage in the policy. |
| ☐ | You must carefully review the restrictive covenants (“CCRs”), surveys and, if necessary, perform a personal inspection to confirm there are no violations of the CCRs which restrict the use of the land (i.e.- commercial or business use where restricted to residential). You must also confirm that the CCRs do not contain any provisions which will cause a forfeiture or reversion of title.  
   - If there is a violation or a provision providing for forfeiture or reversion of title, paragraph 1 must be deleted or contact Regional Underwriting. |
| ☐ | Homeowner assessment lien must be subordinate to the insured lien. Examine the CCRs and/or Homeowner Association documents to confirm that the lien of the insured mortgage has continued priority over any lien for charges and assessments in favor of any homeowner association.  
   - If assessment lien is not subordinate, you may obtain a satisfactory subordination agreement from the HOA or paragraph 2 must be deleted. |
| ☐ | There are no structures (except a boundary wall or fence) that encroach to the adjoining property (including common area) or an easement. Review the survey to determine if any structures on the property encroach onto any easement or adjoining property.  
   - If encroachment exists, paragraph 3 must be deleted UNLESS one of the following is applicable:  
     i) the insured land is a 1 to 4 family platted lot that is improved, but not new construction, or is unimproved;  
     ii) there is a permanent building over utility or drainage easement by no more than 50% width of easement;  
     iii) there is a temporary or removable structure over an easement or onto adjoining property lines; or  
     iv) there is an encroachment of curbs, pavement, driveways, landscaping over recorded easements or onto adjoining property. |
| ☐ | There must be no right of first refusal in the CCRs or reserved in the chain of title.  
If a right of first refusal exists, paragraph 4 must be deleted, OR you must obtain a written waiver of such right signed by both the selling owner and the holder of the right of first refusal. |

5. **RATE RULE: R-11.k - $25.00 for one or more simultaneously issued policies**

“Endorsement issued as provided in Rule P-9b(14)----When the Planned Unit Development Endorsement (T-17) is issued with a Mortgagee Policy in accordance with Rule P-9b(14), the
premium for the Planned Unit Development Endorsement (T-17) shall be $25.00. If the Company issues the Planned Unit Development Endorsement (T-17) on two or more title insurance policies which are issued simultaneously covering the same land, then the premium for the Planned Unit Development Endorsement (T-17) shall be charged only for one Planned Unit Development Endorsement (T-17).”

6. COMPLETING THE FORM:

Insert the following information in the endorsement form:

   a. Loan policy number;
   b. Date of endorsement; and
   c. If applicable, delete any insuring provision that the Company does not consider to be an acceptable risk:

Deletion Of An Insuring Provision In Its Entirety

If pre-printed forms are included as part of the policy, the insuring provision should be deleted by manually striking through and initialing the provision, or deleting it electronically and inserting the following in its place: “Insuring provision ____ is hereby deleted.”

If the Schedule A of the policy incorporates by reference an endorsement from which coverage will be deleted, you must include a specific reference on Schedule B: “Insuring provision ____ of the Planned Unit Development Endorsement (T-17) incorporated by reference in this policy is hereby deleted.”

Partial Deletion Of An Insuring Provision

If an insuring provision should be deleted as to a specific title matter (i.e., an encroachment, homeowners’ association lien) you should take exception to the specific title matter in Schedule B and insert the following immediately after the applicable exception in Schedule B: “Insuring Provision ____ of the Planned Unit Development Endorsement (T-17) is hereby deleted as to this exception.”
NOTICE TO LENDER OF THE DELETION
OF CERTAIN T-17 (PLANNED UNIT DEVELOPMENT ENDORSEMENT) AND/OR
T-19 (RESTRICTIONS, ENCROACHMENTS, MINERALS ENDORSEMENT) COVERAGES
(For Use In Deleting Specific T-17 and/or T-19 Endorsement Provisions)

Date:                      GF No.:  
Lender:                    
Lender Loan No.:          
Owner (Borrower):         
Title Company:            
Property:                 

Schedule B matter(s):

Lender has requested Title Company to issue the T-17 or T-19 Endorsement(s) in connection
with the issuance of a Mortgage Policy of Title Insurance.

LENDER IS HEREBY ADVISED THAT NOTWITHSTANDING THE LENDER’S CLOSING
INSTRUCTIONS TO THE CONTRARY, THE FOLLOWING INSURING PROVISION(S) OF
THE T-17 AND/OR T-19 ENDORSEMENT(S) SHALL BE DELETED FROM THE
RESPECTIVE ENDORSEMENT(S) AS TO THE SPECIFIC SCHEDULE B MATTER
DESCRIBED ABOVE:

Insuring Provision(s) ______________ of the T-17 Endorsement are deleted in its/their
entirety;

Insuring Provision(s) ______________ of the T-17 Endorsement are deleted from the
endorsement only as to the following specific title matter(s):
________________________________________________________________________.

Insuring Provision(s) ______________ of the T-19 Endorsement.

Insuring Provision(s) ______________ of the T-19 Endorsement are deleted from the
endorsement only as to the following specific title matter(s):
________________________________________________________________________.

TITLE COMPANY:              CONSENT BY LENDER:

By: ________________________     By: ________________________
   ________________________     ________________________
Name: ________________________  Name: ________________________
Title: ________________________  Title: ________________________
RESIDENTIAL LIMITED COVERAGE JUNIOR MORTGAGEE POLICY ADDITIONAL COVERAGE ENDORSEMENT- FORM T-3

1. PURPOSE:

The Residential Limited Coverage Junior Mortgagee Policy (T-44) provides limited coverage to lenders on second mortgages. This endorsement provides the insured lender with additional coverages related to the Residential Limited Coverage Junior Mortgagee Policy.

2. APPLICABLE POLICY:

May be issued to the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44).

3. PROCEDURAL RULES: P-46(B) & (E)

“B. Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement

(1) A Company may issue a Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement to the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) by inserting the following provisions in Endorsement Form T-3 on issuance of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44), if the Company considers the risk insurable:

(a) The following Insuring Provision is substituted for Insuring Provision number 4 of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44):

‘4. Any other Monetary Lien affecting the title, recorded in the public records.’

(b) The following is added to the Texas Residential Limited Coverage Junior Mortgagee Policy Combined Schedule:

‘Tax Designation of Land:
[ ] is designated for agricultural use as provided by statutes governing property tax.
[ ] is not designated for agricultural use as provided by statutes governing property tax.’

(c) The following Insuring Provisions are added to the Texas Residential Limited Coverage Junior Mortgagee Policy:

‘5. At Date of Policy, the Tax Designation of Land shown on the Combined Schedule to this policy being incorrect.’

‘6. Any lien for standby fees, taxes or assessments of any taxing authority that are due and payable at Date of Policy.’

(d) The following exception is substituted for Exception A of the exceptions of the Texas Residential Limited Coverage Junior Mortgagee Policy Combined Schedule:

‘A. Standby fees, taxes or assessments by any taxing authority for the year 20 __ and subsequent years, and subsequent taxes and assessments by any taxing authority for prior years.’
(2) A Company may incorporate or add the provisions of the Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement to the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) if such coverage is requested prior to the issuance of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44). “

“E. Procedures Applicable to Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) and Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) and Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) and Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement

(1) A Company may not issue a Commitment for Title Insurance prior to or in connection with the issuance of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement.

(2) No proforma or specimen Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) Combined Schedule or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement may be issued.

(3) A T-3 Correction Endorsement may be issued to delete errors or erroneous exceptions contained in Paragraph 2 of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) Combined Schedule or Paragraph A of the Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45). The requirements of Section 2, Paragraph IV, of the Basic Manual, entitled “Correction of Policy or Binder” shall apply to a Correction Endorsement for a Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) Combined Schedule or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement.

(4) The Company may not provide Express Insurance (pursuant to P-39), or coverage or endorsements applicable to a Mortgagee Title Policy of Title Insurance (T-2) or Interim binder (T-13).

(5) The agent portion of the premium for the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement shall be retained by and paid to only the title insurance agent in the county where the land described in the policy or Endorsements is located if such title insurance agent performs either the: (i) title search; (ii) title examination; or (iii) issuance of the policy or Endorsements.”
4. UNDERWRITING REQUIREMENTS:

This Endorsement can only be issued with Regional Underwriting approval.

a. The property must be residential property as defined in P-46 A(4);

b. You may not issue a title commitment or pro forma endorsement in connection with the issuance of the endorsement;

c. You may not provide Procedural Rule P-39 express coverage as to any coverage provided in the endorsement;

d. You must perform a standard title search for any monetary liens other than home equity mortgages (mortgages, deeds of trust, abstracts of judgments, state, city, county, and federal liens) affecting the title;

e. You must obtain satisfactory documentation that reflects whether or not the insured property is designated for agricultural use by the taxing authorities; and

f. You must obtain satisfactory documentation that there are no delinquent standby fees, taxes or assessments against the property (including subsequent assessments for prior years).

5. RATE RULE: R-27B - $25.00

“When a Texas Residential Limited Coverage Junior Mortgagee Policy (Form T-44) has been issued and the Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement is issued in accordance with Rule P-46B, the premium for the endorsement shall be $25.00.”

6. COMPLETING THE FORM:

Insert the following information on the endorsement form T-3:

a. Texas Residential Limited Coverage Junior Mortgagee Policy Number;

b. Date of the endorsement (should be the same date as the policy); and

c. Insert into Sched. B(2) any monetary liens other than home equity mortgages that were found in the title search (mortgages, deeds of trust, abstracts of judgments, state, city, county, and federal liens);

d. You must insert the promulgated language from Procedural Rule P-46B(1)(b) to show the property is or is not, as the case may be, designated for agricultural use. If the tax designation documentation is satisfactory, you may add new Insuring Provision 5 to the endorsement from Procedural Rule P-46B(1)(c); and
e. If you are satisfied there are no standby fees, taxes or assessments that would create a tax lien against the property, you may add new Insuring Provision 6 to the endorsement from Procedural Rule P-46(1)(c), and add the substitute exception from Procedural Rule P-46B(1)(d) regarding taxes due for prior years.
1. PURPOSE:

The Residential Limited Coverage Junior Mortgagee Policy (T-44) provides limited coverage to lenders on second mortgages. This downdate endorsement extends the effective date of the Residential Limited Coverage Junior Mortgagee Policy, and in some situations, increases the liability amount under the policy to reflect the amount actually disbursed on construction loan.

2. APPLICABLE POLICY:

May be issued within one year from the issuance of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44).

3. PROCEDURAL RULE: P-46 C & E

“TEXAS RESIDENTIAL LIMITED COVERAGE JUNIOR MORTGAGEE POLICY (T-44) AND TEXAS RESIDENTIAL LIMITED COVERAGE JUNIOR MORTGAGEE POLICY DOWN DATE ENDORSEMENT (T-45) AND TEXAS RESIDENTIAL LIMITED COVERAGE JUNIOR MORTGAGE POLICY HOME EQUITY LINE OF CREDIT/VARIABLE RATE ENDORSEMENT (T-46) AND TEXAS RESIDENTIAL LIMITED COVERAGE JUNIOR MORTGAGEE POLICY ADDITIONAL COVERAGE ENDORSEMENT

“C. Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45)

(1) A Company may issue one or more Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsements (T-45) within one year after issuance by that Company of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44). A Company may not issue a Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) more than one year after issuance of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44).

(2) A Company may delete Paragraph B from the Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) if that paragraph is not applicable at the time of the issuance of the Endorsement.

(3) If the amount of the extension of credit secured by the insured’s mortgage exceeds the amount of insurance previously stated in the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44), the amount of insurance shall be increased by noting that change as a Paragraph D in the Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45), subject to payment of the applicable premium as provided in Rule R-27. The Paragraph D shall read as follows: ‘D. The amount of insurance of the Policy is hereby amended to be $_______.’ ”

“E. Procedures Applicable to Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) and Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) and Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) and Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement
(1) A Company may not issue a Commitment for Title Insurance prior to or in connection with the issuance of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement.

(2) No proforma or specimen Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) Combined Schedule or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement may be issued.

(3) A T-3 Correction Endorsement may be issued to delete errors or erroneous exceptions contained in Paragraph 2 of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) Combined Schedule or Paragraph A of the Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45). The requirements of Section 2, Paragraph IV, of the Basic Manual, entitled ‘Correction of Policy or Binder’ shall apply to a Correction Endorsement for a Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) Combined Schedule or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement.

(4) The Company may not provide Express Insurance (pursuant to P-39), or coverage or endorsements applicable to a Mortgagee Title Policy of Title Insurance (T-2) or Interim binder (T-13).

(5) The agent portion of the premium for the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement shall be retained by and paid to only the title insurance agent in the county where the land described in the policy or Endorsements is located if such title insurance agent performs either the: (i) title search; (ii) title examination; or (iii) issuance of the policy or Endorsements.”

4. UNDERWRITING REQUIREMENTS:

This Endorsement can only be issued with Regional Underwriting approval.

a. The endorsement may only be issued to the Texas Residential Limited Coverage Junior Mortgagee Policy;

b. May only be issued within 1 year after the issuance of the Texas Residential Limited Coverage Junior Mortgagee Policy;

c. Obtain a title down search through the requested date for the endorsement;

d. You may not issue a commitment or pro forma endorsement in connection with the issuance of the endorsement;

e. If the amount of the extension of credit secured by the mortgage exceeds the original amount previously stated in the Texas Residential Limited Coverage
Junior Mortgagee Policy, obtain written evidence from the lender of the amount of advances made to date; and

f. You may not provide Procedural Rule P-39 express coverage as to any coverage provided in the endorsement.

5. **RATE RULE: R-27(c) - $50.00**

“c. When a Texas Residential Limited Coverage Junior Mortgagee Policy (Form T-44) has been issued and a Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (Form T-45) is issued in accordance with Rule P-46.C, the premium for such endorsement shall be $50.00.”

6. **COMPLETING THE FORM:**

Insert the following information into the endorsement form T-45:

a. Loan Policy Number;

b. Date of the endorsement;

c. Paragraph A(1) Insert any matter appearing of record after the date of the Residential Limited Coverage Junior Mortgagee Policy (T-44) or prior downdate (T-45) that purports to vest title in the property. If none, delete the word “except”;

d. Paragraph A(2)- Insert any home equity mortgage appearing of record after the date of the Residential Limited Coverage Junior Mortgagee Policy (T-44) or prior downdate (T-45). If none, delete the word “except”;

e. Paragraph A(3)- Insert any monetary liens (other than home equity mortgage(s) listed under paragraph A(2) appearing of record after the date of the Residential Limited Coverage Junior Mortgagee Policy (T-44) or prior downdate (T-45) that purports to vest title in the property. If none, delete the word “except”;

f. Insert the description of the insured mortgage referred to in the T-44 if the endorsement is issued after the closing and funding of the insured lender’s home equity lien. NOTE: If the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) and endorsement are issued prior to the closing and funding of the insured lender’s home equity lien, paragraph B of the endorsement would be deleted because a specific home equity lien is not being insured; and

g. If the amount of the extension of credit secured by the mortgage exceeds the amount of insurance previously stated in the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44), the amount of insurance shall be increased by noting that change as a Paragraph D:

“D. The amount of insurance of the Policy is hereby amended to be $______.”
RESIDENTIAL LIMITED COVERAGE JUNIOR MORTGAGE POLICY HOME EQUITY LINE OF CREDIT/VARIABLE RATE ENDORSEMENT- FORM T-46

1. PURPOSE:

The Residential Limited Coverage Junior Mortgagee Policy (T-44) provides limited coverage to lenders on second mortgages. When a junior home equity loan provides for a variable rate of interest, this endorsement provides additional coverage to the lender so that the insured lien is not invalid, unenforceable, and there will be no loss of priority due to provisions providing for a change in the rate of interest.

2. APPLICABLE POLICY:

May be issued to a Texas Residential Limited Coverage Junior Mortgagee Policy (T-44).

3. PROCEDURAL RULES: P-46(D) & (E)

“D. Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46)

(1) A Company may issue one Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) within one year after issuance by that Company of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44). A Company may not issue a Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) more than one year after issuance of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44).

(2) The Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) shall not be issued unless the insureds mortgage described on the Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) secures a variable rate loan or home equity line of credit. For purposes of this rule, a variable rate loan is a loan made pursuant to Subsection (a)(6), of Section 50, Article XVI, Texas Constitution which permits adjustments of the interest rate, with such adjustments being implemented through changes in the payment amount and/or as otherwise allowed by applicable law. For purposes of this rule, a home equity line of credit is an open-end account made pursuant to Subsections (a)(6) and (t), of Section 50, Article XVI, Texas Constitution.”

“E. Procedures Applicable to Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) and Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) and Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) and Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement

(1) A Company may not issue a Commitment for Title Insurance prior to or in connection with the issuance of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement.

(2) No proforma or specimen Texas Residential Limited Coverage Junior Mortgagee Policy
(T-44) Combined Schedule or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement may be issued.

(3) A T-3 Correction Endorsement may be issued to delete errors or erroneous exceptions contained in Paragraph 2 of the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) Combined Schedule or Paragraph A of the Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45). The requirements of Section 2, Paragraph IV, of the Basic Manual, entitled “Correction of Policy or Binder” shall apply to a Correction Endorsement for a Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) Combined Schedule or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement.

(4) The Company may not provide Express Insurance (pursuant to P-39), or coverage or endorsements applicable to a Mortgagee Title Policy of Title Insurance (T-2) or Interim binder (T-13).

(5) The agent portion of the premium for the Texas Residential Limited Coverage Junior Mortgagee Policy (T-44) or Texas Residential Limited Coverage Junior Mortgagee Policy Down Date Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-46) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement shall be retained by and paid to only the title insurance agent in the county where the land described in the policy or Endorsements is located if such title insurance agent performs either the: (i) title search; (ii) title examination; or (iii) issuance of the policy or Endorsements.

4. UNDERWRITING REQUIREMENTS:

This Endorsement can only be issued with Regional Underwriting approval.

a. The property must be residential property as defined in P-46A(4);

b. You must verify the insured lender’s home equity mortgage is either i) a home equity line of credit, or ii) provides for changes in the rate of interest based upon an identifiable index, with such adjustments being implemented in changes in the payment amount;

c. This endorsement may be issued at the time the policy is issued, or it may be issued within one (1) year of the date of the policy;

d. You may not issue a title commitment or a pro forma endorsement in connection with the issuance of the endorsement; and

e. You may not provide Procedural Rule P-39 express coverage as to any coverage provided in the endorsement.

5. RATE RULE: R-27(d) - $25.00

“d. When a Texas Residential Limited Coverage Junior Mortgagee Policy (Form T-44) has been issued and a Texas Residential Limited Coverage Junior Mortgagee Policy Home Equity Line of Credit/Variable Rate Endorsement (T-45) or Texas Residential Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement (T-46) has been issued to the same policy, a new mortgagee policy will not be required, but the new endorsement shall be issued to change the original policy only if the new endorsement contains: (1) a new mortgagee policy number; (2) the new date of the mortgagee policy; or (3) a description of the changes made by the new endorsement; and (4) a new mortgagee policy number and date of the mortgagee policy, if applicable.”
Credit/Variable Rate Endorsement (Form T-46) is issued in accordance with Rule P-46.D, the premium for such endorsement shall be $25.00."

6. **COMPLETING THE FORM:**

Insert the following information on the endorsement form T-46:

- a. Texas Residential Limited Coverage Junior Mortgagee Policy Number; and
- b. Date of the endorsement.
1. **PURPOSE:**

The Restrictions, Encroachments and Minerals Endorsement Form T-19 provides “comprehensive” coverage to the insured lender against loss by reason of present or future violations of any covenants, conditions and restrictions affecting the property. It also provides protection against the encroachment of improvements, or for damage to improvements associated with the surface entry for mineral development.

2. **APPLICABLE POLICY:**

May be issued with any Loan Policy. This endorsement may also be issued to any existing Loan Policy after completion of improvements as provided in Procedural Rule P-8. See also, Completion of Improvements Endorsement-Loan Policy- Form T-3.

3. **PROCEDURAL RULE: P-50 A & B**

“Restrictions, Encroachments, Minerals Endorsement (T-19) and, Restrictions, Encroachments, Minerals Endorsement - Owner Policy (T-19.1)

A. Any insured matter covered in the Restrictions, Encroachments, Minerals Endorsement T-19 or T-19.1 may be insured only by the use of these endorsements, except that coverage regarding minerals may be insured by the use of the T-19.2 or T-19.3 endorsements as provided in P-50.1.

B. A Company may issue its Restrictions, Encroachments, Minerals Endorsement (T-19) to a Loan Policy (T-2), if its underwriting requirements are met. The Company shall delete any insuring provision if it does not consider that risk acceptable.”

**NOTE:** See also, Procedural Rule P-8b(2) for issuance of coverage after completion of improvements and Completion of Improvements Endorsement-Loan Policy- Form T-3.

4. **UNDERWRITING REQUIREMENTS:**

You must issue the T-19 Endorsement in accordance with the guidelines below:

(continued next page)
RESTRICTIONS, ENCROACHMENTS, MINERALS ENDORSEMENT (T-19) CHECKLIST

GENERAL REQUIREMENTS

☐ You must have an acceptable survey that complies with Procedural Rule P-2 and the Company’s underwriting guidelines for giving survey coverage. See Area & Boundary Amendment. If improvements have been added after the date of survey or there is no survey, please contact Regional Underwriting.

☐ If the insured land is 1 to 4 family residential platted subdivision lot that is improved (not new construction) or unimproved, you may provide the encroachment coverages contained in the T-19 endorsement without review of the survey as long as you have in your file a survey that complies with P-2 and the Company’s underwriting guidelines. If survey coverage is also being given, you must still comply with the Company’s guidelines for giving survey coverage. See Area & Boundary Amendment.

☐ For non-residential or non-platted/acreage property: If no survey, then unless you have Regional Underwriting Approval, you must delete paragraphs 1(b)(i), 1(b)(iii), 1(b)(iv), and 3 from the endorsement and you may not amend the survey exception in the policy. Further, you must notify the lender that certain paragraphs will be deleted from the T-19 using the Deletion Notice form attached hereto.

☐ All covenants, conditions or restrictions (‘CCRs”) affecting the property have been reviewed thoroughly (per requirements below).

☐ Any provision in paragraphs 1 through 6 can be deleted. Disclose to the lender each coverage that is to be deleted from the T-19, and require the lender provide written authorization to proceed with closing of the transaction with the deletion(s) using the Deletion Notice form attached hereto. See Section 6, ‘Completing the Form’ for instructions on deleting coverage in the policy.

☐ Do not provide P-39 express coverage as to any matter covered by the T-19. NOTE: Any insured matter covered by the T-19 Endorsement cannot be given in any other form (e.g., P-39 express insurance), except that coverage related to minerals may be issued via T-19.2 and/or T-19.3 (P-50.1). Further, T-17 Planned Unit Development Endorsement provides some of the same coverage and if the property qualifies, you may also issue the T-17 in the same Loan Policy.

<table>
<thead>
<tr>
<th>Coverage under the T-19</th>
<th>Underwriting Requirements</th>
<th>Coverage Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paragraphs 1(a) and 2</td>
<td>To provide this coverage, you must review the CCRs to confirm that there are no provisions in the CCRs which provide for a reversionary right or forfeiture of title upon the happening of an event (e.g.-violation of restrictions). Note: A reversionary rights or forfeiture– Look for restrictions that provide, a penalty for violating restrictions, owner forfeits title/interest and it reverts (vests) to the prior owner. If CCRs contain such a reversionary right, a specific exception to the provision must be made in Sched. B and Para. 1(a) and 2 of the T-19 must be deleted in its entirety or as to the specific exception UNLESS you obtain Regional Underwriting approval. Note: If a reversionary right exists but provisions expressly subordinate or preserve the insured mortgage lien, you may except to the reversionary right in Schedule B and you do not need to delete Para. 1(a) or 2.</td>
<td></td>
</tr>
<tr>
<td>Coverage under the T-19</td>
<td>Underwriting Requirements</td>
<td>Coverage Comments</td>
</tr>
<tr>
<td>-------------------------</td>
<td>----------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Paragraphs 1(a), 1(b)(ii)(D) &amp; 2</td>
<td>- No CCRs or other instrument that establishes an a) option to purchase, b) right of first refusal (ROFR) or c) right of prior approval of future purchaser or occupant, which could result in a forfeiture or loss of title if violated. You must review the CCRs to confirm that there are no provisions which provide that upon the sale of the property, a third party is entitled to exercise an option to purchase, ROFR and/or right to approve the sale. If the CCRs contain such a provision, a specific exception to the provision must be made in Schedule B, and you must delete Para. 1(a) and 2 in its entirety or as to the specific exception; OR If you are furnished with a written waiver of the option/ROFR OR the provision expressly provides that it does not apply to a mortgage transaction, then you should still except to the provision in Sched. B, but you may issue the T-19 without deletion of the insuring paragraphs.</td>
<td></td>
</tr>
<tr>
<td>Paragraphs 1(a), 1(b)(ii)(C) &amp; 2</td>
<td>- No CCRs providing for a private charge or assessment and/or a lien against the property to enforce payment of such assessments or charges You must review the CCRs to confirm that there are no provisions in the CCRs which provide for an assessment or charge of fees from the owner of the property. If the CCRs contain such a provision (even if no lien is created for collection thereof), a specific exception must be made to the assessment/charges and lien, if any, in the body of Schedule B; AND If the CCRs create a lien to enforce collection of the assessments/charges and such lien is NOT made expressly subordinate to the lien of the insured mortgage, you would except to the assessment lien in Sched. B AND you must also delete Para. 1(a) and Para. 2 UNLESS you obtain a subordination agreement or obtain Regional Underwriting approval.</td>
<td></td>
</tr>
<tr>
<td>Paragraphs 1(b)(ii)(A)</td>
<td>- No CCRs that provide for an easement on the Land You must review the CCRs to confirm that there are no provisions in the CCRs which also provide for an easement on the Land If the CCRs contain such a provision, a specific exception must be made to the easement in the body of Schedule B;</td>
<td></td>
</tr>
<tr>
<td>Paragraph 1(b)(i) &amp; 6</td>
<td>- No existing improvements that encroach over setback lines If there is an encroachment, see Table below or contact Regional Underwriting if matter is not addressed on the Table. <strong>Note:</strong> Coverage under ¶ 6 will not be given (&amp; must be deleted as to the violation) when the violation is such that existing improvements are at risk of being removed by court order or judgment.</td>
<td></td>
</tr>
<tr>
<td>Paragraph 1(b)(iii) &amp; 5</td>
<td>- No existing improvements that encroach over property lines If there is an encroachment, see Table below or contact Regional Underwriting if matter is not addressed on the Table. <strong>Note:</strong> Coverage under ¶ 5 will not be given (&amp; must be deleted) in situations where a building encroachment is such that it presents an unacceptable risk of being removed by court order or judgment.</td>
<td></td>
</tr>
</tbody>
</table>
### Coverage under T-19

<table>
<thead>
<tr>
<th>Paragraph 1(b)(iv) &amp; 3</th>
<th>Underwriting Requirements</th>
<th>Coverage Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>No existing improvements that encroach over easements excepted to in Sched. B</td>
<td>If there is an encroachment, see Table below or contact Regional Underwriting if matter is not addressed on the Table.</td>
<td>Note: Coverage under ¶ 3 will not be given (&amp; must be deleted) in situations when an encroachment into an easement is such that it presents an unacceptable risk of damage to existing improvements.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Paragraph 1(b)(v)</th>
<th>Underwriting Requirements</th>
<th>Coverage Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>No notices of violation of CCRs pertaining to environmental protection</td>
<td>If a notice pertaining to environmental liens has been filed, it must be shown as an exception in Schedule B.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Paragraph 4</th>
<th>Underwriting Requirements</th>
<th>Coverage Comments</th>
</tr>
</thead>
</table>
| Provides coverage for damage to improvements (including lawns, shrubbery or trees) due to exercise or development of minerals | You may provide this coverage if:  
- Property is in a residential platted subdivision; or  
- The general mineral exclusion or exception provided for in Procedural Rule P-5.1 will appear in the policy.  
In all other circumstances or if the property is intended to be improved with a shopping center or mall, contact Regional Underwriting for guidance. | |

<table>
<thead>
<tr>
<th>Paragraph 1(b)(i) &amp; 6</th>
<th>Underwriting Requirements</th>
<th>Coverage Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>No violation of CCRs</td>
<td>If your review of the CCRs, survey and/or inspection of the property reveal a violation of CCRs (other than encroachments or of setback lines) you must except to the violation and contact Regional Underwriting.</td>
<td>Note: Coverage under ¶ 6 will not be given (&amp; must be deleted as to the violation) when the violation is such that existing improvements are at risk of being removed by court order or judgment.</td>
</tr>
</tbody>
</table>

### Encroachment Coverage Table – For Use with T.19

**IMPORTANT NOTE:** If the insured land is 1 to 4 family residential platted subdivision lot that is improved (not new construction) or unimproved, you may provide the encroachment coverages contained in the T-19 endorsement without review of the survey (or this Encroachment Table) as long as you have in your file a survey that complies with P-2 and the Company’s underwriting guidelines for issuing survey coverage See Area & Boundary Amendment.

<table>
<thead>
<tr>
<th>Survey Matter</th>
<th>Treatment in the LP unless Regional Underwriting approval is obtained</th>
</tr>
</thead>
</table>
| Encroachment of moveable or temporary structures (e.g., portable storage sheds, aboveground pools and spas) over or into utility, drainage or other recorded easements, or over setback lines created per plat, deed, or CCRs, or into adjoining property | No exception in Sched. B  
T-19 issued without deletion |
| Encroachment of curbs, pavement, parking spaces, driveways over or into utility, drainage or other recorded easements, or over setback lines created per plat, deed, or CCRs | No exception in Sched. B  
T-19 issued without deletion |
| Encroachment of curbs, pavement, parking spaces, driveways over property line onto adjoining property | Exception in Sched. B  
T-19 issued without deletion |
<table>
<thead>
<tr>
<th>Survey Matter</th>
<th>Treatment in the LP unless Regional Underwriting approval is obtained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encroachment of building or major improvement over and onto adjoining property</td>
<td>Submit to Regional Underwriting for review</td>
</tr>
<tr>
<td>Building encroaches into easement less than 50% of easement width (e.g. 10' into 20' PUE).</td>
<td>No Sched. B exception if building has been there more than 4 years; Exception in Sched. B if building has been there less than 4 years. T-19 issued without deletion in either scenario</td>
</tr>
<tr>
<td>Note: If survey indicates that a pipeline or water/wastewater line passes under the building, then contact Regional Underwriting.</td>
<td>No Sched. B exception. T-19 issued without deletion.</td>
</tr>
<tr>
<td>Building or swimming pool encroaches into utility easement more than 50% of easement width.</td>
<td>Submit to Regional Underwriting for review</td>
</tr>
<tr>
<td>Building encroaches into setback line created per plat, deed, or CCRs but has been built for a period of 4 years or more.</td>
<td>No Sched. B exception. T-19 issued without deletion.</td>
</tr>
<tr>
<td><strong>Single family residence in platted subdivision:</strong> Building encroaches into setback line by any amount created per plat, deed, or CCRs less than 10%.</td>
<td>No Sched. B exception. T-19 issued without deletion.</td>
</tr>
<tr>
<td><strong>Single family residence in platted subdivision:</strong> Building encroaches into setback line created per plat, deed, or CCRs more than 10% and house has been built for less than four (4) years.</td>
<td>Submit to Regional Underwriting for review</td>
</tr>
<tr>
<td><strong>Single family residence in platted subdivision:</strong> Fence encroaches into setback line created per plat, deed, or CCRs, encroaches into adjoining property, or adjoining property’s fence encroaches into subject tract.</td>
<td>No Sched. B exception &amp; okay to issue T-19 issued without deletion</td>
</tr>
<tr>
<td><strong>Non-residential property:</strong> Building encroaches into setback line created per plat, deed, or CCRs less than 10% and structure has been built for less than four (4) years.</td>
<td>No Sched. B exception. T-19 issued without deletion</td>
</tr>
<tr>
<td><strong>Non-residential property:</strong> Building encroaches into setback line created per plat, deed, or CCRs more than 10% and structure has been built for less than four (4) years.</td>
<td>Submit to Regional Underwriting for review</td>
</tr>
</tbody>
</table>
### Survey Matter

<table>
<thead>
<tr>
<th>Non-residential property: Fence encroachment from adjoining property onto subject property OR fence on subject property encroaches over property line onto adjoining property by more than 5%</th>
<th>Treatment in the LP unless Regional Underwriting approval is obtained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fence encroachment onto adjoining property - No Sched. B exception and okay to issue T-19 And If adjoining owner’s fence encroaches onto subject property- Exception in Sched. B to encroachment of fence</td>
<td>Fence encroachment onto adjoining property</td>
</tr>
</tbody>
</table>

| Non-residential property: Fence encroaches 5% or less into setback line created per plat, deed, or CCRs OR encroaches onto adjoining property less than 5% | No Sched. B exception and okay to issue T-19 without deletion |

| Non-residential property: Fence encroaches more than 5% into setback line created per plat, deed, or CCRs. | Submit to Regional Underwriting for review |

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### 5. RATE RULE: R-29A & B -5% BPR Residential and 10% BPR Non-Resi. (min. $50)


A. When the Restrictions, Encroachments, Minerals Endorsement (T-19) is issued on residential real property in accordance with Rule P-50, the premium shall be 5% of the Basic Rate for a single issue policy provided that the minimum premium shall be not less than $50.00.

B. When the Restrictions, Encroachments, Minerals Endorsement (T-19) is issued on land which is not residential real property, in accordance with Rule P-50, the premium shall be 10% of the Basic Rate for a single issue policy provided that the minimum premium shall be not less than $50.00.”

### 6. COMPLETING THE FORM:

Insert the following information into the endorsement form:

- **Loan Policy number**
- **Date of endorsement**
- **If applicable, delete any insuring provision that the Company does not consider to be an acceptable risk:**

**Deletion Of An Insuring Provision In Its Entirety**

If pre-printed forms are included as part of the policy (preferred), the insuring provision should be deleted by manually striking through and initialing the provision, or deleting it electronically and inserting the following in its place: “**Insuring provision ____ is hereby deleted.**”
If the Schedule A of the policy incorporates by reference an endorsement from which coverage will be deleted (not the preferred method), you must include a specific reference on Schedule B: “Insuring provision ___ of the Restrictions, Encroachments and Minerals Endorsement (T-19) incorporated by reference in this policy is hereby deleted.”

Partial Deletion Of An Insuring Provision

If an insuring provision should be deleted as to a specific title matter (i.e., an encroachment, homeowners’ association lien), you should take exception to the specific title matter in Schedule B and insert the following immediately after the applicable exception in Schedule B: “Insuring Provision ___ of the Restrictions, Encroachments and Minerals Endorsement (T-19) is hereby deleted as to this exception.”
NOTICE TO LENDER OF THE DELETION
OF CERTAIN T-17 (PLANNED UNIT DEVELOPMENT ENDORSEMENT) AND/OR
T-19 (RESTRICTIONS, ENCROACHMENTS, MINERALS ENDORSEMENT) COVERAGEs
(For Use In Deleting Specific T-17 and/or T-19 Endorsement Provisions)

Date:  
GF No.:  
Lender:  
Lender Loan No.:  
Owner (Borrower):  
Title Company:  
Property:  

Schedule B matter(s):  

Lender has requested Title Company to issue the T-17 or T-19 Endorsement(s) in connection with the issuance of a Mortgage Policy of Title Insurance.

LENDER IS HEREBY ADVISED THAT NOTWITHSTANDING THE LENDER’S CLOSING INSTRUCTIONS TO THE CONTRARY, THE FOLLOWING INSURING PROVISION(S) OF THE T-17 AND/OR T-19 ENDORSEMENT(S) SHALL BE DELETED FROM THE RESPECTIVE ENDORSEMENT(S) AS TO THE SPECIFIC SCHEDULE B MATTER(S) DESCRIBED ABOVE:

Insuring Provision(s) ____________ of the T-17 Endorsement are deleted in its/their entirety;

Insuring Provision(s) ____________ of the T-17 Endorsement are deleted from the endorsement only as to the following specific title matter(s):
_______________________________________________________________________.

Insuring Provision(s) ____________ of the T-19 Endorsement.

Insuring Provision(s) ____________ of the T-19 Endorsement are deleted from the endorsement only as to the following specific title matter(s):
_______________________________________________________________________.

CONSENT BY LENDER:

By: _________________________________
Name: __________________________
Title: ___________________________

RESTRICTIONS, ENCROACHMENTS AND MINERALS ENDORSEMENT- FORM T-19.1

1. PURPOSE:

The Restrictions, Encroachments and Minerals Endorsements provides “comprehensive” coverage to an insured owner against loss by reason of present or future violations of any covenants, conditions and restrictions affecting the property. It also provides protection against the encroachment of improvements and damage to improvements associated with the surface entry for mineral development.

2. APPLICABLE POLICY:

May be issued to an Owner Policy. This endorsement may also be issued to any existing Owner Policy after completion of improvements as provided in Procedural Rule P-8. See also, Completion of Improvements Endorsement-Owner Policy- Form T-3.

3. PROCEDURAL RULE: P-50 (A) & (C)

“A. Any insured matter covered in the Restrictions, Encroachments, Minerals Endorsement T-19 or T-19.1 may be insured only by the use of these endorsements, except that coverage regarding minerals may be insured by the use of the T-19.2 or T-19.3 endorsements as provided in P-50.1.”

“C. A Company may issue its Restrictions, Encroachments, Minerals Endorsement - Owner Policy (T-19.1) to an Owner Policy if its underwriting requirements are met. The Company shall delete any insuring provision if it does not consider that risk acceptable.”

NOTE: See also, Procedural Rule P-8a(2) for issuance of coverage after completion of improvements and Completion of Improvements Endorsement-Owner Policy- Form T-3.

4. UNDERWRITING REQUIREMENTS:

You must issue the T-19 Endorsement in accordance with the guidelines below:

(continued next page)
RESTRICTIONS, ENCROACHMENTS, MINERALS ENDORSEMENT (T-19.1) CHECKLIST

GENERAL REQUIREMENTS

☐ You must have an acceptable survey that complies with Procedural Rule P-2 and the Company’s underwriting guidelines. See Area & Boundary Amendment. If improvements have been added after the date of survey, please contact Regional Underwriting.

☐ If you are being asked to issue a T.19.1 endorsement and you do NOT have a survey, contact Regional Underwriting.

☐ All covenants, conditions or restrictions (“CCRs”) affecting the property have been reviewed thoroughly (per requirements below).

☐ Any provision in paragraphs 1 through 5 can be deleted. Disclose to the proposed insured each coverage that is to be deleted from the T-19.1, and require they provide written authorization to proceed with closing of the transaction with the deletion(s) using the Deletion Notice form attached hereto. See Section 6, ‘Completing the Form’ for instructions on deleting coverage in the policy.

☐ Do not provide P-39 express coverage as to any matter covered by the T-19.1. NOTE: Any insured matter covered by the T-19.1 Endorsement cannot be given in any other form (e.g., P-39 express insurance), except that coverage related to minerals may be issued via T-19.2 and/or T-19.3 (P-50.1).

SPECIFIC REQUIREMENTS FOR THE T-19.1 ENDORSEMENT

<table>
<thead>
<tr>
<th>Coverage under T-19.1</th>
<th>Underwriting Requirements</th>
<th>Coverage Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paragraph 1(b)(iii)</td>
<td>To provide this coverage, you must review the CCRs to confirm that there are no provisions in the CCRs which provide for a reversionary right or forfeiture of title upon the happening of an event (e.g.-violation of restrictions).</td>
<td></td>
</tr>
<tr>
<td>No CCRs providing for a right of reversion, right of reentry or forfeiture of title</td>
<td>Note: A reversionary rights or forfeiture— Look for restrictions that provide that owner forfeits title or interest in the property and it reverts or could revert (vest) to a prior owner. If CCRs contain such a reversionary right, you must specifically except to the right in Schedule B. and you must delete Para. 1(b)(ii) in its entirety or as to the specific exception unless you obtain Regional Underwriting approval</td>
<td></td>
</tr>
<tr>
<td>Paragraphs 1(b)(ii)</td>
<td>You must review the CCRs to confirm that there are no provisions which provide that upon the sale of the property, a third party is entitled to exercise an option to purchase, ROFR and/or right to approve the sale.</td>
<td></td>
</tr>
<tr>
<td>No CCRs or other instrument that establishes an a) option to purchase, b) right of first refusal (ROFR) or c) requires prior approval of future purchaser/occupant, which could result in a forfeiture or loss of title if violated.</td>
<td>If the CCRs contain such a provision, a specific exception to the provision must be made in the body of Schedule B. and you must delete Para. 1(b)(ii) in its entirety or as to the specific exception unless you obtain Regional Underwriting approval; OR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If you are furnished with a written waiver of the option/ROFR OR the provision expressly provides that it does not apply to the type of transaction being insured, you may issue the T-19.1 without deletion of the insuring paragraphs.</td>
<td></td>
</tr>
<tr>
<td>Coverage under T-19.1</td>
<td>Underwriting Requirements</td>
<td>Coverage Comments</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Paragraphs 1(b)(i)</td>
<td>No CCRs that provide for an easement on the Land</td>
<td>You must review the CCRs to confirm that there are no provisions in the CCRs which also provide for an easement on the Land. If the CCRs contain such a provision, a specific exception must be made to the easement in the body of Schedule B.</td>
</tr>
<tr>
<td>Paragraph 1(a) &amp; 5</td>
<td>No violation of existing improvements over setback lines</td>
<td>If there is an encroachment, see Table below or contact Regional Underwriting if matter is not addressed on the Table.</td>
</tr>
<tr>
<td>Paragraph 1(b)(iii) &amp; 4</td>
<td>No existing improvements that encroach over property lines</td>
<td>If there is an encroachment, see Table below or contact Regional Underwriting if matter is not addressed on the Table. Note: Coverage under ¶ 4 will not be given (&amp; must be deleted) in situations where a building encroachment is such that it presents an unacceptable risk of being removed by court order or judgment.</td>
</tr>
<tr>
<td>Paragraph 1(d) &amp; 2</td>
<td>No existing improvements that encroach over easements excepted to in Sched. B</td>
<td>If there is an encroachment, see Table below or contact Regional Underwriting if matter is not addressed on the Table. Note: Coverage under ¶ 2 will not be given (&amp; must be deleted) in situations when an encroachment into an easement is such that it presents an unacceptable risk of damage to existing improvements.</td>
</tr>
<tr>
<td>Paragraph 1(e)</td>
<td>No notices of violation of CCRs pertaining to environmental protection</td>
<td>If a notice pertaining to environmental liens has been filed, it must be shown as an exception in Schedule B.</td>
</tr>
</tbody>
</table>
| Paragraph 3 | Provides coverage for damage to improvements (including lawns, shrubbery or trees) due to exercise or development of minerals | You may provide this coverage if:  
- Property is in a residential platted subdivision; or  
- The general mineral exception or exclusion provided in Procedural Rule P-5.1 will appear in the policy.  
In all other circumstances, if the property is intended to be improved with a shopping center or mall, contact Regional Underwriting for guidance. |
Paragraph 1(a) & 5

No violation of CCRs

If your review of the CCRs, survey and/or inspection of the property reveal a violation of CCRs (other than encroachments or of set-back lines) you must except to the violation and contact Regional Underwriting.

Note: Coverage under ¶ 5 will not be given (& must be deleted as to the violation) when the violation is such that existing improvements are at risk of being removed by court order or judgment.

Encroachment Coverage Table – For Use with T.19.1

<table>
<thead>
<tr>
<th>Survey Matter</th>
<th>Treatment in the OTP unless Regional Underwriting Approval is obtained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encroachment of moveable or temporary structures (e.g., portable storage sheds, aboveground pools and spas) over or into utility, drainage or other recorded easements, or over setback lines created per plat, deed, or CCRs, or into adjoining property</td>
<td>T-1R: Exception in Sched. B and issue T-19.1 without deletion.</td>
</tr>
<tr>
<td></td>
<td>T-1: If survey amendment purchased, no exception and issue T-19.1 without deletion.</td>
</tr>
<tr>
<td>Encroachment of curbs, pavement, parking spaces, driveways OR fences over setback lines created per plat, deed, or CCRs.</td>
<td>Exception in Sched. B and issue T-19.1 without deletion.</td>
</tr>
<tr>
<td>Encroachment of curbs, pavement, parking spaces, driveways over or into utility, drainage or other recorded easements.</td>
<td>Exception in Sched. B and issue T-19.1 without deletion.</td>
</tr>
<tr>
<td>Encroachment of curbs, pavement, parking spaces, driveways over or into adjoining property</td>
<td>Exception in Sched. B and issue T-19.1 without deletion.</td>
</tr>
<tr>
<td>Encroachment of building or major improvement (e.g.– pool) over and onto adjoining property</td>
<td>Submit to Regional Underwriting for review OR you may Except to encroachment in Sched. B and Delete ¶ 4</td>
</tr>
<tr>
<td>Building encroaches into utility easement less than 50% of easement width (e.g. 10’ into 20’ PUE) and building constructed more than four (4) years.</td>
<td>Exception in Sched. B. and issue T-19.1 without deletion.</td>
</tr>
<tr>
<td>Note: If survey indicates that pipeline, water/wastewater line passes under a building or improvement, contact Regional Underwriting.</td>
<td></td>
</tr>
<tr>
<td>Building or pool encroaches into utility easement more than 50% of easement width</td>
<td>Submit to Regional Underwriting for review OR you may except to the encroachment in Sched. B and Delete ¶ 2.</td>
</tr>
<tr>
<td>Building encroaches into setback line created per deed or CCRs and building has been built for four (4) years or more.</td>
<td>If encroachment is less than 10%, then no exception and issue T-19.1 without deletion if issuing survey coverage. If encroachment is more than 10%, then exception in Sched. B and issue T-19.1 without deletion.</td>
</tr>
<tr>
<td>Single family residence in platted subdivision: Building encroaches into setback line created per plat, deed, or CCRs less than 10% and house has been built for less</td>
<td>Sched. B exception and issue T-19.1 without deletion.</td>
</tr>
</tbody>
</table>

© 2011 Fidelity National Title Group, Inc. 184 Updated Feb. 2012
<table>
<thead>
<tr>
<th>Survey Matter</th>
<th>Treatment in the OTP unless Regional Underwriting approval is obtained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single family residence in platted subdivision: Building encroaches into setback line created per plat, deed, or CCRs more than 10% and house has been built for less than four (4) years.</td>
<td>Contact Regional Underwriting OR Sched. B exception and delete ¶ 5.</td>
</tr>
<tr>
<td>Non-residential property: Building encroaches into setback line created per plat, deed, or CCRs and structure has been built for less than four (4) years but more than 1 year.</td>
<td>If building encroaches less than 10% into setback line, Sched. B exception and issue T.19.1 without deletion. If building encroaches more than 10%, submit to Regional Underwriting for review OR you may except to encroachment in Sched. B and delete ¶ 5.</td>
</tr>
<tr>
<td>Non-residential property: Building encroaches into setback line created per deed or CCRs and structure has been built less than 1 year</td>
<td>Exception to encroachment in Sched. B and delete ¶ 5.</td>
</tr>
<tr>
<td>Non-residential property: Fence encroaches less than 5% over and into adjoining property OR adjoining property's fence encroaches into subject tract less than 5%</td>
<td>Sched. B exception and issue T.19.1 without deletion.</td>
</tr>
<tr>
<td>Non-residential property: Fence encroaches more than 5% into setback line created per plat, deed, or CCRs,</td>
<td>Submit to Regional Underwriting for review</td>
</tr>
<tr>
<td>Non-residential property: Fence encroaches more than 5% over and into adjoining property or adjoining property's fence encroaches into subject tract more than 5%</td>
<td>Except to encroachment and issue T.19.1. AND contact Regional Underwriting if fence from adjoining property encroaches onto subject property, contact Regional Underwriting.</td>
</tr>
</tbody>
</table>

5. **RATE RULE: R-29(C) & (D): - 10% or 5% of BPR on Residential and 15% or 10% on Non-Residential (min. $50).**

```
"C. When the Restrictions, Encroachments, Minerals Endorsement - Owner Policy (T-19.1) is issued on residential real property in accordance with Rule P-50, the premium shall be:

1. 10% of the Basic Rate for a single issue policy; or
2. 5% of the Basic Rate for a single issue policy if an amendment of the exception to area and boundaries is also purchased in accordance with Rate Rule R-16.

In either event, the minimum premium shall not be less than $50.00

D. When the Restrictions, Encroachments, Minerals Endorsement - Owner Policy (T-19.1) is issued on land which is not residential property, in accordance with Rule P-50, the premium shall be:

1. 15% of the Basic Rate for a single issue policy; or
```
2. 10% of the Basic Rate for a single issue policy if an amendment of the exception to area and boundaries is also purchased in accordance with Rate Rule R-16.

   In either event, the minimum premium shall be not less than $50.00"

6.  COMPLETING THE FORM:

   Insert the following information into the endorsement form:
   a. Owner Policy number;
   b. Date of endorsement; and
   c. If applicable, delete any insuring provision that the Company does not consider to be an acceptable risk:

   Deletion Of An Insuring Provision In Its Entirety
   If pre-printed forms are included as part of the policy (FNTG's preference), the insuring provision should be deleted by manually striking through and initialing the provision, or deleting it electronically and inserting the following in its place: "Insuring provision _____ is hereby deleted."

   If the Schedule A of the policy incorporates by reference an endorsement from (which is not preferred) which coverage will be deleted, you must include a specific reference on Schedule B: "Insuring provision ____ of the Restrictions, Encroachments and Minerals Endorsement (T-19.1) incorporated by reference in this policy is hereby deleted."

   Partial Deletion Of An Insuring Provision
   If an insuring provision should be modified as to a specific title matter (i.e., an encroachment, homeowners' association lien), then you should take an exception to the specific title matter in Schedule B, and insert the following immediately after the applicable exception in Schedule B: "Insuring Provision ____ of the Restrictions, Encroachments and Minerals Endorsement (T-19.1) is hereby deleted as to this exception."
NOTICE TO OWNER OF THE DELETION
OF CERTAIN T-19.1 ENDORSEMENT (RESTRICTIONS, ENCROACHMENTS, MINERALS- OWNER POLICY) COVERAGES
(For Use In Deleting Specific T-19.1 Endorsement Coverages)

Date:
GF File No.:
Title Company:
Owner:
Property:

Owner has requested Title Company to issue the T-19.1 Endorsement in connection with the issuance of an Owner Policy of Title Insurance.

Owner is hereby advised that notwithstanding any closing instructions to the contrary, insuring provision(s) of the T-19.1 endorsement is/are:

☐ Deleted from the endorsement in its/their entirety; or

☐ Deleted from the endorsement only as to the following specific title matter(s):

AGREED AND ACCEPTED TO BY OWNER:

By: __________________________________________________
Name Printed: _________________________________________
Title: ________________________________________________
REVERSE MORTGAGE ENDORSEMENT- FORM T-43

1. PURPOSE:

Insures the lender that a reverse mortgage is not invalid or unenforceable due to a lack of compliance with constitutional requirements governing issuance thereof.

2. APPLICABLE POLICIES:

Must be issued with a Loan Policy covering a Reverse Mortgage per §50(k)(9), Article XVI of the Texas Constitution.

3. PROCEDURAL RULE: P-45

“A. When a Mortgagee Policy of Title Insurance ( T-2 ) is to be issued insuring the lien securing a reverse mortgage loan made pursuant to Subsection (a)(7) of Section 50, Article XVI, Texas Constitution, the Company shall attach to the Mortgagee Policy of Title Insurance (T-2) the Texas Reverse Mortgage Endorsement (T-43).

B. The Company may not provide Express Insurance (pursuant to P-39) as to matters set forth in the Texas Reverse Mortgage Endorsement (T-43).

C. The Loan Policy of Title Insurance (T-2) insuring the lien securing a reverse mortgage loan may be issued in an amount not exceeding:
   1. 150% of the total advances to be made according to a plan established by the original loan agreement; or
   2. The maximum amount that may be secured by the lien of the insured mortgage, as estimated by the lender according to the written lender instructions; or,
   3. In the case of an FHA-insured loan, the Maximum Claim Amount as established by FHA.

D. The Company may delete any subdivision in Paragraph 3 of the Texas Reverse Mortgage Endorsement (T-43) if it does not consider the additional risk insurable. The following language shall be placed below Paragraph 3:

   ‘Subdivision _______ of Paragraph 3 of this Texas Reverse Mortgage Endorsement (T-43) is hereby deleted. The Company does not insure against failure to comply with the Subsection of the Constitution referred to in said subdivision of Paragraph 3.’ The Company shall complete the blank with the appropriate subdivision of Paragraph 3 of the Texas Reverse Mortgage Endorsement (T-43) if the above format is used.

E. The Company must delete subdivisions (ii) through (iv) of Paragraph 3 of the Texas Reverse Mortgage Endorsement (T-43) if the insured mortgage and the promissory note are not executed at the office of a title company. For purposes of this Rule P-45, ‘the office of a title company’ shall mean the leased or owned Texas office location(s) of: (1) a title insurance company; or, (2) a direct operation; or, (3) a title insurance agent; or, (4) an attorney conducting the attorney’s business in the name of a title insurance company or direct operation or title insurance agent where the attorney and the attorney’s bona fide employees who close transactions are licensed as escrow officers as provided in Article 9.42.C, Texas Insurance
Code. In order to evidence the deletion required by this Paragraph E, the following language shall be stated on the Texas Reverse Mortgage Endorsement (T-43):

‘Subdivisions (ii) through (iv) of Paragraph 3 of this Texas Reverse Mortgage Endorsement (T-43) are hereby deleted. The Company does not insure against the failure to comply with the Subsections of the Constitution referred to in said subdivisions of Paragraph 3.’

F. The Company must delete subdivision (ii) of Paragraph 3 of this Texas Reverse Mortgage Endorsement (T-43) as provided in Paragraph D, above, if the Company is not furnished with government issued photographic identification showing that the owner of the land or the spouse of the owner of the land is 62 years or older.

G. The Company must delete subdivision (iii) of Paragraph 3 of this Texas Reverse Mortgage Endorsement (T-43) as provided in Paragraph D, above, if the document furnished by the insured and purporting to attest or acknowledge that the owner received counseling regarding the advisability and availability of reverse mortgages and other financial alternatives is not executed by the owner of the land at an office of a title company on the date that the insured mortgage and the promissory note secured thereby are executed.

H. The Company must delete subdivision (iv) of Paragraph 3 of this Texas Reverse Mortgage Endorsement (T-43) as provided in Paragraph D, above, if the document furnished by the insured and purporting to disclose to the owner of the land the provisions contained in Subsection (k)(6) of Section 50, Article XVI, Texas Constitution under which the payment of principal and interest secured by the insured mortgage may be required is not given to the owner of the land and receipt is not acknowledged in writing by the owner of the land at an office of a title company on the date that the insured mortgage and the promissory note secured thereby are executed.”

(continued next page)
4. UNDERWRITING REQUIREMENTS:

The T-43 endorsement must be added to the policy in accordance with the guidelines below:

### T-43 UNDERWRITING CHECKLIST

#### GENERAL REQUIREMENTS

- The T-43 endorsement must be attached to any loan policy that insures a reverse mortgage.
- Each owner and owner's spouse must execute a Texas Reverse Mortgage Affidavit (attached hereto), which may be used in lieu of Affidavit as to Debts and Liens.
- The following provision (or one substantially similar thereto) must be included in the commitment:

  **If Mortgagee Policy of Title Insurance (T-2) is to be issued insuring a lien that secures an extension of credit made pursuant to §50(a)(7), Article XVI of the Texas Constitution (a “reverse mortgage”), Company must attach the T-43 Texas Reverse Mortgage Endorsement to the policy in accordance with Procedural Rule P-45, and the owner/borrower (and spouse, if applicable) must execute Company’s “Texas Reverse Mortgage Affidavit” form. Pursuant to Procedural Rule P-45, Company reserves the right to delete any subdivision of Paragraph 3 of the T-43 Endorsement, if the Company determines the risk is not insurable. Company reserves the right to make addition exceptions and/or requirements.**

- The property described in the insured reverse mortgage must constitute the homestead of the owner and the owner's spouse. Do not close and insure any Reverse Mortgage transaction without Regional Underwriting approval if the owner is a trust, corporation, or other entity, or if you suspect or have reason to believe the insured property is not the homestead of the owner.
- The policy may be issued for up to 150% of the total advances to be made under the mortgage. You may rely on a written statement from the lender as to the total advances to be made.
- Complete the Specific T-43 Endorsement Requirements Checklist below to determine if any of the provisions of the T-43 should be deleted.
- The lender is responsible and assumes the risk for constitutional requirements that are not affirmatively covered by the endorsement. Read the lender's closing instructions carefully. The lender may attempt to shift the risk of its failure to satisfy other constitutional requirements to the title company agent through the wording of the loan instructions. If you have any questions, contact Regional Underwriting.
- Do not close and insure any reverse mortgage transaction if a power of attorney is being used by any party to the transaction without Regional Underwriting approval. Note: Typically, POAs will only be considered if there appears to be a legitimate reason why the absent spouse is unavailable, and (i) the atty-in-fact is the spouse of the Principal; (ii) the power of attorney is a Texas statutory durable power of attorney, and (iii) specifically authorizes the HEL.

#### SPECIFIC REQUIREMENTS CHECKLIST FOR T-43 ENDORSEMENT

### COVERAGE UNDER THE T-43

- Deleting Coverage in the T-43
  - Any provision of paragraph 3 of the T-43 may be deleted. You must disclose to the lender each coverage to be deleted and request lender to provide written authorization to proceed using the Deletion Form (attached hereto). Further, to delete coverage, the promulgated deletion language from P-45 must be used, See below Section 6, Completing the Form.

### UNDERWRITING REQUIREMENTS
<table>
<thead>
<tr>
<th>COVERAGE UNDER THE T-43</th>
<th>UNDERWRITING REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>[T-43 Paragraph 3 (i)]</td>
<td>Delete Paragraph 3 (i) of the endorsement and do not insure the transaction without Regional Underwriting approval if the following is checked:</td>
</tr>
<tr>
<td>Execution Of The Reverse Mortgage By Each Owner And Owner’s Spouse</td>
<td>☐ The reverse mortgage is not signed by each person owning an interest in the insured property, and that owner’s spouse.</td>
</tr>
<tr>
<td>[T-43 Paragraph 3 (ii)-(iv)]</td>
<td>Delete Paragraph 3 (ii)(iii) &amp; (iv) of the endorsement and do not insure the transaction without Regional Underwriting approval if the following is checked:</td>
</tr>
<tr>
<td>Promissory Note And Mortgage Are Executed At The Office Of A Title Company in Texas</td>
<td>☐ The promissory note and reverse mortgage are not executed in your office.</td>
</tr>
<tr>
<td>Note 1: “office of a title company”, means office space located in Texas and owned or leased by:</td>
<td></td>
</tr>
<tr>
<td>1. title insurance company,</td>
<td></td>
</tr>
<tr>
<td>2. direct operation,</td>
<td></td>
</tr>
<tr>
<td>3. title insurance agent,</td>
<td></td>
</tr>
<tr>
<td>4. attorney conducting the attorney’s business in the name of a title insurance company, direct operation, or title insurance agent where the attorney and attorney’s bona fide employees who close transactions are licensed as escrow officers.</td>
<td></td>
</tr>
<tr>
<td>Mobile closings do not constitute closing in the “office of a title company”.</td>
<td></td>
</tr>
<tr>
<td>[T-43 Paragraph 3 (ii)]</td>
<td>Delete Paragraph 3 (ii) of the endorsement and do not insure the transaction without Regional Underwriting approval if the following is checked:</td>
</tr>
<tr>
<td>Loan secured by the mortgage is made to a person who is or whose spouse is 62 yrs of age or older.</td>
<td>☐ Each owner OR his/her spouse must be at least age 62, and title company must be provided with a current governmental issued photo identification that illustrates such age.</td>
</tr>
<tr>
<td>[T-43 Paragraph 3 (iii)]</td>
<td>Delete Paragraph 3 (iii) of the endorsement and do not insure the transaction without Regional Underwriting approval if the following is checked:</td>
</tr>
<tr>
<td>Written Acknowledgement of Counseling Executed by Owner at the office of a title company on the date the Note and Mortgage are Executed.</td>
<td>☐ The reverse mortgage and promissory note are not executed at your office or the office of another Texas title company approved by Regional Underwriting.</td>
</tr>
<tr>
<td></td>
<td>☐ A document purporting to be the acknowledgment that owner received counseling regarding the advisability and availability of reverse mortgage is not furnished to you by lender prior to the execution of the reverse mortgage and promissory note.</td>
</tr>
<tr>
<td></td>
<td>☐ The document purporting to be the acknowledgment that owner received counseling regarding the advisability and availability of reverse mortgage is not signed by the owner at the same time as the reverse mortgage and promissory note.</td>
</tr>
<tr>
<td>COVERAGE UNDER THE T-43</td>
<td>UNDERWRITING REQUIREMENTS</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>[T-43 Paragraph 3 (iv)]</td>
<td>Delete Paragraph 3 (iv) of the endorsement and do not insure the transaction without Regional Underwriting approval if the following is checked:</td>
</tr>
<tr>
<td>Written disclosure of loan repayment requirements is given to Owner at the office of a title company on the date the Note and Mortgage are Executed.</td>
<td>☐ The reverse mortgage and promissory note are not executed at your office or the office of another Texas title company approved by Regional Underwriting.</td>
</tr>
<tr>
<td></td>
<td>☐ A document purporting to be the disclosure of specific loan repayment requirements is not furnished to you by lender prior to the execution of the reverse mortgage and promissory note.</td>
</tr>
<tr>
<td></td>
<td>☐ A document purporting to be the disclosure of specific loan repayment requirements is not signed by the owner at the same time as the reverse mortgage and promissory note.</td>
</tr>
</tbody>
</table>

5. **RATE RULE:** None

   **Note:** You calculate the regular premium for your loan policy, subject to any credits and charges for other endorsements and tax coverage.

6. **COMPLETING THE FORM:**

   Insert the following information on the endorsement form:

   a. Loan policy number;
   b. Date of the endorsement; and
   c. For each provision deleted, the following language should be inserted into the endorsement:

   ‘Subdivision _______ of Paragraph 3 of this Texas Reverse Mortgage Endorsement (T-43) is hereby deleted. The Company does not insure against failure to comply with the Subsection of the Constitution referred to in said subdivision of Paragraph 3.’

**NOTE:** A popular reverse mortgage product is the FHA HUD Home Equity Conversion Mortgage (“HUD HECM”). With the HUD HECM reverse mortgage, there are two notes and two deeds of trust. The first note and deed of trust are in favor of the lender. The second note and deed of trust are in favor of the Secretary of Housing and Urban Development (HUD). The first note and second note will be for the same loan amount. The second note/deed of trust in favor of HUD are not “second lien” instruments. They are executed at closing as a convenience to HUD and become effective in the event HUD takes over the mortgage. The Loan policy that insures a reverse mortgage should be prepared in the same manner as a Loan policy generally, with the following exceptions:

   On a Loan policy that insures a HUD HECM reverse mortgage:
i. The loan policy may be issued in an amount up to 150% of the “maximum claim amount.” The “maximum claim amount” is the lesser of the appraised value of the property or the maximum mortgage amount that HUD will insure in the county. If requested by the lender, it is permissible to issue the policy in an amount equal to the “maximum claim amount”, even though the promissory note and reverse mortgage reflect a loan amount that is greater than the “maximum claim amount.”

ii. The lender and the Secretary of Housing and Urban Development with the verbiage: “as their interests may appear,” may be shown as the insured under Item 1, Schedule A; and

iii. The First Deed of Trust (in favor of the lender) and the Second Deed of Trust (in favor of the Secretary of Housing and Urban Development) may be insured under Item 3, Schedule A of the same policy. At the request of the lender and instead of insuring both the lender and HUD in the same loan policy as noted above, you may insure the note and deed of trust in favor of the lender and take exception to the second note and deed of trust in favor of HUD on Schedule B.
TEXAS REVERSE MORTGAGE AFFIDAVIT

Date: 
File No.: 
Escrow Agent:  
Underwriter: 
Owner/Borrower:  
Affiant:  
Property: 

The undersigned, as Affiant, does hereby swear on his/her oath that the following statements are true:

1. Affiant is an owner of the Property or is the spouse of an Owner.

2. Affiant is executing this affidavit in connection with the closing by Escrow Agent of a Texas “Reverse Mortgage” or “Home Equity Conversion Mortgage” transaction.

3. There are no judgment liens, federal liens, state liens, or county/municipal liens against the Property, except for the following (if none, insert “None” below):

<table>
<thead>
<tr>
<th>Creditor</th>
<th>Approximate Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

4. There are no delinquent federal taxes, state taxes, ad valorem taxes, or other governmental agency taxes due or owing against the Property, except for the following (if none, insert “None” below):

<table>
<thead>
<tr>
<th>Creditor</th>
<th>Approximate Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

5. There are no assessment dues, homeowners’ dues, or maintenance charges, including any lien secured by the payment of such dues or charges, relating to the Property, except for the following (if none, insert “None” below):

<table>
<thead>
<tr>
<th>Creditor</th>
<th>Approximate Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

6. There are no paving liens or claims of any type outstanding against the Property, and no petitions have been signed for paving of any street, alley, or sidewalk adjoining the Property and Affiant has no knowledge of any such petition being circulated, except for the following (if none, insert “None” below):

<table>
<thead>
<tr>
<th>Creditor</th>
<th>Approximate Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>
7. There are no legal suits affecting the Property, including but not limited to bankruptcy and small claims court, pending in any state or federal court, except for the following (if none, insert "None" below):

<table>
<thead>
<tr>
<th>Parties to Suit</th>
<th>Cause No.</th>
<th>Court</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. All labor and materials used in the construction of improvements or repairs, if any, on the Property have been paid and there is no mechanic’s lien against the Property, except for the following (if none, insert "None" below):

<table>
<thead>
<tr>
<th>Creditor</th>
<th>Approximate Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$_________________</td>
</tr>
<tr>
<td></td>
<td>$_________________</td>
</tr>
</tbody>
</table>

9. Affiant does not intend to use any loan proceeds/funds for home improvement or construction.

10. Affiant occupies, resides upon, uses the Property and hereby claims and designates the Property as Affiant’s homestead property.

11. Either Affiant, Affiant’s spouse, or other owner of the Property is sixty-two (62) years of age or older. If neither Affiant nor Affiant’s spouse is at least 62 years of age, specify name of owner of Property who is sixty-two (62) years of age or older: ________________________.

12. Affiant acknowledges and attests that Affiant has received counseling regarding the advisability and availability of “reverse mortgages” and other financial alternatives as required by §50(a)(7)(k)(8), Article XVI of the Texas Constitution.

13. Affiant acknowledges and attests that Affiant has received a copy of written notice from the Lender that discloses the specific loan repayment requirements of the “reverse mortgage” as required by §50(a)(7)(k)(9), Article XVI of the Texas Constitution.

14. Affiant realizes these representations are made to induce Escrow Agent and Underwriter to insure title to the Property and that Escrow Agent and Underwriter are relying upon the truth of said statements. In consideration thereof, Affiant agrees to indemnify and hold harmless Escrow Agent and Underwriter, their successor and/or assigns, from any claims, costs, damages, causes of actions, expenses and attorney fees in any way arising from the inaccuracy of the above representations. Affiant further recognizes that any false or misleading representations knowingly made in this Affidavit may constitute perjury under both state and federal law, resulting in the impositions of criminal fines and/or imprisonment.

AFFIANT:

Signed under oath before me on this ______ day of ________________________, 20__.

Notary Public, State of Texas
Notary Public Printed: _______________________
My Commission Expires: _______________________

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NOTICE TO LENDER OF THE DELETION
OF CERTAIN REVERSE MORTGAGE LIEN COVERAGES
(For Use In Deleting Specific Endorsement T-43 Coverages)

Date:
GF File No.:
Underwriter:
Owner (Borrower):
Lender:
Lender Loan No.:
Property:

Underwriter by and through its issuing agent, if any, is to issue its Loan Policy of Title Insurance insuring the validity of a lien against the Property which secures an extension of credit pursuant to Subsection (a)(7) of Section 50, Article XVI, Texas Constitution ("Reverse Mortgage Lien").

LENDER IS HEREBY ADVISED THAT NOTWITHSTANDING THE LENDER'S CLOSING INSTRUCTIONS TO THE CONTRARY, THE T-43 ENDORSEMENT COVERAGES CHECKED BELOW SHALL BE DELETED FROM THE RESPECTIVE ENDORSEMENT.

<table>
<thead>
<tr>
<th>COVERAGE UNDER THE ENDORSEMENT</th>
<th>T-43 PARAGRAPH REFERENCE</th>
<th>COVERAGE PROVIDED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure of the reverse mortgage lien deed of trust to be executed by each owner and owner's spouse.</td>
<td>Paragraph 3(i)</td>
<td>☐ No</td>
</tr>
<tr>
<td>Failure of the reverse mortgage lien deed of trust to be executed by the owner who is or whose spouse is 62 years or older.</td>
<td>Paragraph 3(ii)</td>
<td>☐ No</td>
</tr>
<tr>
<td>Failure of the written form which purports to be the written acknowledgment that the owner received counseling regarding the advisability and availability of reverse mortgages and other financial alternatives to be executed by the owner on the date the reverse mortgage lien deed of trust and promissory note are executed by the owner.</td>
<td>Paragraph 3(iii)</td>
<td>☐ No</td>
</tr>
<tr>
<td>Failure of the written form which purports to be the written notice that discloses the loan repayment requirements of the reverse mortgage lien transaction to be executed by the owner on the date the reverse mortgage lien deed of trust and promissory note are executed by the owner.</td>
<td>Paragraph 3(iv)</td>
<td>☐ No</td>
</tr>
</tbody>
</table>

AGREED AND ACCEPTED TO BY LENDER:

By: ____________________________________________
Name Printed: ___________________________________
Title: _________________________________________
TAX AMENDMENT ENDORSEMENT-ROLLBACK TAXES- FORM T-30

1. PURPOSE:

Amends the standard exception contained in the loan policy to provide coverage against rollback taxes assessed for prior years due to a change in land usage or ownership.

2. APPLICABLE POLICIES:

May be issued contemporaaneously with or after issuance of any Loan Policy or Loan Title Policy Binder on Interim Construction Loan (T-30).

3. PROCEDURAL RULE: P-20(B)

“B. ROLLBACK TAXES

1. In connection with the issuance or amendment (after issuance) of any Loan Policy or of any Loan Title Policy Binder on Interim Construction Loan (Interim Binder), and upon payment of the premium required under Rate Rule R-19, the words: "and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership", as contained in the standard tax exception may be deleted by:

   (a) Deletion of such words upon the policy or binder form, either by checking the appropriate box on a Form T-2 or T-2R or by lining through the words or by producing an electronic form with the words; or

   (b) By attachment to the policy or binder of endorsement form T-30.

The deletion of the above phrase from the standard tax exception is hereafter referred to as ‘insure or insuring against rollback taxes’.

2. A Company may not insure against rollback taxes unless:
   a. The Company has satisfactory evidence in its file that the assessed taxes for the current year are not based on an agriculture or open-space valuation; or
   b. (i) The rollback taxes have been assessed by all of the taxing authorities;
      (ii) The rollback taxes are collected at closing by the Company, and
      (iii) The Company will pay the rollback taxes in the ordinary course of business.”

4. UNDERWRITING REQUIREMENTS:

In order to insure against rollback taxes, you must verify:

   a. You have satisfactory evidence in the file that the property is not assessed based on an agricultural or open space exemption; or
b. All taxing authorities have assessed rollback taxes for the property and they will be collected and paid at or before closing.

NOTE: The following 2 scenarios are not permitted by the rules for properties assessed based on an agriculture or open-space tax exemption:

- Insuring against rollback taxes based on an indemnity where it is known post closing the use of the property is changing (thereby triggering subsequent roll backs), based upon an indemnity/hold harmless;

  The classic scenario is a developer who owns land with an agricultural valuation. He plats the property and creates a residential subdivision, which will trigger subsequent rollback taxes in the future. He requests the Company to insure against rollback taxes in future loan policies based upon his personal indemnity.

- Insuring against rollback taxes in sale transactions where the purchaser asserts he will not change the property use post closing, based upon an indemnity/hold harmless from the purchaser.

5. RATE RULE: R-19 - $20.00

“Amendment of or Endorsement Amending Exception in Mortgagee Policy or Mortgagee Title Policy Binder on Interim Construction Loan (Interim Binder)-----Applicable as provided in Rule P-20. A Mortgagee Policy or Mortgagee Title Policy Binder on Interim Construction Loan (Interim Binder) may be amended in accordance with Rule P-20 upon the payment of an additional premium of $20.00. This rate rule shall be applicable to any Interim Binder currently effective but shall be applicable only to Mortgagee Policies issued from and after July 24, 1980. A separate charge of $20.00 shall be made for any such amendment to or endorsement of a Mortgagee Policy issued subsequent to the issuance of an Interim Binder and no credit shall be given for any such amendment or endorsement to any prior Interim Binder.”

6. COMPLETING THE FORM:

Insert the following information into the endorsement form T-30:

a. Loan policy number; and
b. Date of the endorsement.

NOTE: This endorsement may be given by checking the appropriate box on the form T-2 or T-2R or by striking from the tax exception the words “and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership.”
TAX AMENDMENT COVERAGE- TAXES “NOT YET DUE AND PAYABLE”- FORM T-3

1. PURPOSE:

All Owner and Loan Policies as well as Interim Construction Binders (“ICB”) except to taxes and assessments for the current year and for years subsequent thereto. In a Loan Policy or ICB affirmative coverage may be added after this standard tax exception if taxes for the current year are ‘not yet due and payable’. Further, if taxes for the current year are paid, Procedural Rule P-20 provides that the exception to taxes for the current year can be modified in Owner and Loan policies and in an ICB so that the policy will insure taxes for the current year are paid.

2. APPLICABLE POLICIES:

Coverage that taxes for the current year are ‘not yet due and payable’ may be issued contemporaneously with or after issuance of any Loan Policy or Mortgagee Title Policy Binder on Interim Construction Loan (T-13). When taxes for the current year are paid, the standard tax exception may be modified in any Owner Policy, Loan Policy or Mortgagee Title Policy Binder on Interim Construction Loan.

3. PROCEDURAL RULE: P-20(A) and P-20 (C)”

“P-20 Standard Exception Relating to Taxes

A. Taxes for the Current Year

1. In connection with the issuance or amendment (after issuance) of any Owner's Policy, Loan Policy, or of any Loan Title Policy Binder on Interim Construction Loan (Interim Binder), an exception must be shown on Schedule B to taxes and assessments for the current tax year by any taxing authority, and the Company may not insure that taxes for the current tax year are paid, unless:
   a. Taxes are Paid or Collected at Closing. A company may insure that taxes for the current tax year are paid if:
      (1) All of the taxes for the current tax year have been assessed by the taxing authorities;
      (2) The Company has satisfactory evidence in its file that the assessed taxes for the current year have been paid by the owner; or
      (3) If all of the taxes for the current year have not been paid:
         (i) The unpaid taxes are collected at closing by the Company; and
         (ii) The Company will pay the taxes in the ordinary course of business.
   b. Owner's Tax Reserve/Escrow Account With Payoff Lender. A Company may insure that taxes are paid for the current tax year if:
      (1) The Company has satisfactory evidence in its file that the assessed taxes for the current year have been paid by the current lender from the owner's Reserve/Escrow Account held by lender, or
      (2) In the absence of satisfactory evidence in (1) above, a Company may accept:
(i) A sufficient Indemnity executed by a responsible party,
(ii) Together with a deposit of funds in an amount sufficient to pay the
assessed taxes.

(3) When following provision (2) above, the Company shall:
(i) Pay the assessed taxes according to the terms of the Indemnity and
before they become delinquent, or
(ii) Upon receipt of satisfactory evidence that the assessed taxes for the
current year have been paid, promptly pay the escrowed funds to the proper party.

2. If all taxes for the current year have not been assessed by the taxing authorities, the
Company may not insure that taxes for the current year are paid.

P-20 (C):

“C. TAXES NOT YET DUE AND PAYABLE

In connection with the issuance of a Loan Policy or Loan Title Policy on Interim Construction
Loan (Interim Binder), upon payment of the premium in R-24, a Company may:

1. If satisfied that all taxes, standby fees and assessments by any taxing authority for the
year of the issuance of the Loan Policy or Interim Binder are not yet due and payable, add the
following after the standard tax exception: ‘Company insures that standby fees, taxes and
assessments by any taxing authority for the year _____ are not yet due and payable.’ The
addition may be made either by checking the appropriate box on a Form T-2 or by otherwise
inserting the additional words into the form.

2. If a Company determines that some, but not all of the taxes are not yet due and
payable, the Company may add the following after the standard tax exception: ‘Company
insures that standby fees, taxes and assessments by any taxing authority for the year _____ are
not yet due and payable, as to [insert name of applicable taxing authority/authorities] only.’ “

4. UNDERWRITING REQUIREMENTS:

Taxes Not Yet Due and Payable

On Jan. 31st of each year, all ad valorem taxes for the preceding year are due to the
respective taxing authorities. Typically, tax bills for the current year are mailed on or
after October 1st of each year. Once the tax bills are mailed, they are ‘payable’ although
not due to the taxing authorities until Jan. 31st. When determining whether or not you
can give optional ‘not yet due and payable’ coverage under P-20(c), you should adhere
to the following guidelines:

If tax certificates show taxes current (not delinquent), and authority has not yet mailed
the bill:

- provide “not yet due & payable” (which will be for the year following the year through
which taxes have been paid); and

- collect the R-24 $5.00 charge.
Taxes on or after October 1st:

Adhere to the guidelines below for transactions closing after Oct. 1st:

i) If tax certificates show taxes current, and authority has not yet mailed the bill:
   - can continue to provide “not yet due & payable”; and
   - collect the R-24 $5.00.

ii) If the tax bill has been mailed by all taxing authorities, but taxpayer has not yet received the bill and/or tax certificate does not show the bill amount:
   - do not provide the “not yet due & payable”; and
   - do not collect the R-24 $5.00 charge.

iii) If tax bill has been mailed by some of the taxing authorities, but not all:
   - can provide “not yet due & payable” that is limited to the entity which has not yet mailed its bills;
     a) insert the not yet due & payable clause; and
     b) in parenthesis, add limiting language; e.g.: Company insures that standby fees, taxes and assessments by any taxing authority for the year 2011 are not yet due and payable (applicable only to Happyville Independent School District).
   - collect the R-24 $5.00 charge.

iv) If tax bill mailed by all taxing authorities and taxpayer has received the bill or tax certificate shows the tax amount due:
   - If current year taxes are not being paid prior to closing or at closing in the normal course of business per P-20A (see below):
     a) do not provide the not yet due & payable; and
     b) do not collect the $5.00 fee, OR
   - If the taxes will be paid in full at closing, you can provide the not yet due & payable and collect the $5.00, but you would insert next year for which taxes have not yet been paid into the 1st blank (so that exception is for the year after which all taxes have been paid in full).

NOTE: Taxes for the Current Year:

P-20(A) sets out the guidelines for when you may insure “Taxes for the Current Year”
P-20 provides that you may not insure that taxes for the current year are paid in the ordinary course of business as set out in P-20, unless:

All of the taxes for the current year have been assessed by the taxing authorities; AND:

i. If not previously paid, all of the taxes are collected at closing and paid by the company in the ordinary course of business; OR
ii. You have satisfactory evidence in your file that all of the taxes for the current year have been previously paid by the owner; OR

ii. You have satisfactory evidence in your file that all of the assessed taxes for the current year have been paid by the owner's lender out of the owner's reserve/escrow account held by lender and you have obtained Regional Underwriting approval to rely on such.

5. RATE RULE: R-24

“R-24 Applicable only as provided in Procedural Rule P-20-a premium of $5.00 shall be charged for addition of the language “Company insures that standby fees, taxes, and assessments by any taxing authority for the year ______ are not yet due and payable.”

5. COMPLETING THE FORM:

This coverage may be given by checking the appropriate box on a Form T-2 and by attaching Form T-3 to the policy or adding the following after the tax exception in the Loan Policy:

"Company insures that standby fees, taxes and assessments by any taxing authority for the year _____ are not yet due and payable, as to [insert name of applicable taxing authority/authorities] only."

Insert into the policy the year for which taxes have been paid in full (so that the exception is for the year after the year in which all taxes have been paid in full).
USA- ACQUISITION OF TITLE ENDORSEMENT- FORM T-12

1. **PURPOSE:**

Upon completion of an acquisition of title by the United States of America or United States Postal Service, the endorsement is issued to extend the effective date of a Policy of Title Insurance-USA (T-11) and to amend the ownership and estate to be insured (i.e. easement estate) after the taking or acquisition.

2. **APPLICABLE POLICY:**

May only be issued to the Policy of Title Insurance-USA (Form T-11) after the USA completes an acquisition or taking of property.

3. **PROCEDURAL RULE:** See Rate Rule below and instructions contained in the Form T-12.

4. **UNDERWRITING REQUIREMENTS:**

   a. A Policy of Title Insurance –USA (T-11) must have been previously issued; and

   b. Title should be searched through the date of recording of the document evidencing the acquisition by the USA and for the interest/property acquired.

   **NOTE:** Typically, and as contemplated by R-17, the USA will obtain a Policy of Title Insurance (USA) (T-11) prior to the acquisition of the property. The T-11 provides assurances as to whom title is vested immediately prior to the USA’s acquisition.

5. **RATE RULE: R-17**

   “Policy Forms for Use by United States Government-----Certificate of Title (U.S.A.), Certificate of Title for Easement (U.S.A.) and Policy of title Insurance (U.S.A.) may be issued to the United States of America showing the condition of title to a tract of land prior to the acquisition of title to said land by the U.S.A. in an amount to be designated by the U.S.A. the premium for said policies shall be at the Basic Rate.

   Upon acquisition of title by the U.S.A., a final Certificate of title, or an Endorsement to the Owner Policy, may be issued to the U.S.A., and the premium therefor shall be at the Basic Rate, and subject to the provisions of Rule R-3, less the premium which was paid for the Certificate of title or Policy of Title Insurance, prior to the acquisition by the U.S.A.

   Policy of Title Insurance (U.S.A.), Form T-11, may be issued in favor of the United States Postal Service upon its acquisition of title to properties with the addition of the following paragraph 9 to the conditions and stipulations:

   ‘9. In the event that the interests of the United States Postal Service with respect to the land referred to in this policy are not represented by the Attorney General of the United States at the time any election, notice, request, permission, cooperation, assistance, or statement is required or permitted by these conditions and stipulations, then such election, notice, request, permission, cooperation, assistance or statement, as so required or permitted, and otherwise
conforming hereto, shall be given or furnished by or to the United States Postal Service.’

Such policy forms shall also have stricken therefrom in all places the name ‘United States of America’ and have substituted in lieu thereof the name ‘United States Postal Service.’ ”

6. **COMPLETING THE FORM:**

Insert the following information on the endorsement form (see also instructions included in the endorsement Form T-12):

a. USA Policy of Title Insurance (T-11) Policy Number.

b. The estate being insured such as “fee simple” or “an easement for__________.” [Paragraph 1(a)].

c. Show title being vested in the “UNITED STATES OF AMERICA” followed by a description of the vesting document, including the recording information. [Paragraph 1(b)].

For example:

“UNITED STATES OF AMERICA by virtue of that Declaration of Taking recorded in Volume_____, Page_____., __________ Records of __________ County, Texas.”

d. The legal description of the property being insured. [Paragraph 1(c)] (this paragraph deletes the legal in the T-11 policy and substitutes the legal description for the property acquired).

e. Add the paragraph numbers of the exceptions shown in the original policy that may be deleted due to the execution of proper deeds, releases, etc. [Paragraph 2(a)].

f. Add new paragraph numbers for new matters that must be added as additional exceptions to the policy, if applicable, followed by the actual language that constitutes the new exceptions. [Paragraph 2(b)].

g. The new extended policy date. The new date should be the recording date of the conveyance instrument or the declaration of taking vesting title in the United States.

h. The new amount of insurance, if the United States requests the amount to be changed from the original policy. See also P-66.
VARIABLE RATE MORTGAGE ENDORSEMENT - FORM T-33

1. PURPOSE:

The Variable Rate Mortgage Endorsement provides coverage to insure against the invalidity, loss of priority or unenforceability of lien resulting from provisions therein which provide for changes in the rate of interest.

2. ISSUING THE FORM:

May be issued to any Loan Policy.

3. PROCEDURAL RULE: P-9b(6)

"Variable Mortgage Loan Instruments - For purposes of this rule a "variable rate mortgage loan" shall be one which permits adjustments of the interest rate, with such adjustments being implemented through changes in the payment amount and/or in the outstanding principal loan balance or in the loan term. When a Loan Policy of Title Insurance is to be issued insuring the lien securing a variable rate mortgage loan note, the Company may attach to the Loan Policy the Endorsement Form T-33 or Form T-33.1.

A T-33 Endorsement or T-33.1 Endorsement may be issued and attached to a previously issued Loan Policy insuring a variable rate mortgage loan upon the payment of any applicable premium charge and compliance with the underwriting requirements of the Company."

4. UNDERWRITING REQUIREMENTS:

In order to issue this endorsement, you must obtain a copy of the note and deed of trust to determine the following:

a. The insured deed of trust document contains a clear statement therein providing for an interest rate that changes periodically;

b. The interest rate for the loan varies according to a formula disclosed in the deed of trust, which is based on an identifiable index that (i.e.- Treasury bill interest rate; Federal cost of funds index rate; Prime rate of a bank); and

c. The adjustments in interest rate are implemented through changes in the payment amount, principal loan balance or in the loan term.

NOTE: You may issue the T.33 or T-33.1, but not both.

5. RATE RULE: R-11D - $20.00 or $0 if issued for 125% of the loan amount per R-4

“D. Endorsement issued as provided in Rule P-9b(6)--- A premium of $20.00 will be charged for the issuance of each endorsement authorized by Rule P-9b(6) except that such additional premium charge shall not be made if an additional premium charge has
been made for the Mortgagee Policy (to which the Endorsement is attached) under the second paragraph of Rate Rule R-4."

NOTE: There is no premium charge IF the mortgagee policy is issued for 25% greater than the loan amount. In that case, the “additional premium” would be collected for in the premium collected for the Loan Policy per R-4:

6. **COMPLETING THE FORM**

Insert the following information into the endorsement form:

a. Loan Policy number; and

b. Date of endorsement.
VARIABLE RATE MORTGAGE – NEGATIVE AMORTIZATION ENDORSEMENT-
FORM T-33.1

1. PURPOSE:

Insures against invalidity, unenforceability or loss of priority of the lien of the insured mortgage due to the presence of negative amortization provisions contained in the loan.

2. ISSUING THE FORM:

May be issued to any Loan Policy.

3. PROCEDURAL RULE: P-9b(6)

“Variable Mortgage Loan Instruments - For purposes of this rule a "variable rate mortgage loan" shall be one which permits adjustments of the interest rate, with such adjustments being implemented through changes in the payment amount and/or in the outstanding principal loan balance or in the loan term. When a Loan Policy of Title Insurance is to be issued insuring the lien securing a variable rate mortgage loan note, the Company may attach to the Loan Policy the Endorsement Form T-33 or T-33.1.

A T-33 Endorsement or T-33.1 Endorsement may be issued and attached to a previously issued Loan Policy insuring a variable rate mortgage loan upon the payment of any applicable premium charge and compliance with the underwriting requirements of the Company."

4. UNDERWRITING REQUIREMENTS:

In order to issue this endorsement, you must obtain a copy of the note and deed of trust to determine the following:

a. The insured deed of trust document contains a clear statement therein that it secures a loan providing for:
   i) negative amortization terms (Interest due upon interest);
   ii) changes in the rate of interest; or
   iii) adding unpaid interest to the principal balance of the loan.

b. The interest rate for the loan varies according to a formula disclosed in the deed of trust, which is based on an identifiable index (i.e.- Treasury bill interest rate; Federal cost of funds index rate; Prime rate of a bank); and

c. The adjustments in interest rate are implemented through changes in the payment amount, principal loan balance or in the loan term.

NOTE: If T-33.1 is issued, the T-33 may not also be issued.
5. **RATE RULE: R-11D - $20.00 or $0 if issued for 125% of the loan amount per R-4**

"Endorsement issued as provided in Rule P-9b(6)--- A premium of $20.00 will be charged for the issuance of each endorsement authorized by Rule P-9b(6) except that such additional premium charge shall not be made if an additional premium charge has been made for the Mortgagee Policy (to which the Endorsement is attached) under the second paragraph of Rate Rule R-4."

**NOTE:** There is no premium charge IF the mortgagee policy is issued for 25% greater than the loan amount. In that case, the “additional premium” would be collected for in the premium collected for the Loan Policy per R-4:

6. **COMPLETING THE FORM:**

Insert the following information into the endorsement form:

a. Loan Policy number; and

b. Date of endorsement.
# TEXAS ENDORSEMENTS BY POLICY TYPE

**NOTE:** DOES NOT INCLUDE ENDORSEMENTS TO THE RESIDENTIAL LIMITED COVERAGE JUNIOR LOAN POLICY (T-44) OR THE LIMITED PRE-FORECLOSURE POLICY (T-98)

## OWNER POLICY ENDORSEMENTS (OTP) (T-1)

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<tr>
<th>Stat</th>
<th>Endorsement</th>
<th>Rate</th>
<th>Rules</th>
<th>Comments</th>
<th>Endors Instr</th>
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<td>R-30</td>
<td>P-54</td>
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<td>Area &amp; Boundary Amdmt/Survey Coverage (T-3)</td>
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<td>0896</td>
<td>Co-Insurance Endorsement (T-48)</td>
<td>P-6c</td>
<td>See P-6(c)</td>
<td>P-6(c)</td>
<td>Policy must exceed $15m</td>
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<tr>
<td>0550</td>
<td>Completion of Improvements w/ survey</td>
<td>N/C</td>
<td>See R-16</td>
<td>P-8.a</td>
<td>also, if adding T-19.1 use stat code 0889</td>
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<tr>
<td>None</td>
<td>Completion of Improvements (T-3)</td>
<td>N/C</td>
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<td>P-8.a</td>
<td>No coverage being added</td>
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<td>Correction - Policy Amount (T-3)</td>
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<td>Policy Amt. Error only</td>
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<td>R-15b</td>
<td>P-9.a.(3)</td>
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<td>P-55</td>
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<td>P-50D</td>
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<td>P-50C</td>
<td>Min. $50</td>
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## OWNER POLICY ENDORSEMENTS (T-1R)(Residential)

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<tr>
<th>Stat</th>
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<td>0501</td>
<td>Area &amp; Boundary Amdmt/ Survey Coverage (T-3)</td>
<td>5%</td>
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<td>P-2</td>
<td>Min. $20</td>
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<tr>
<td>0896</td>
<td>Co-Insurance Endorsement (T-48)</td>
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<td>None Completion of Improvements (T-3)</td>
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<td>See P-8.a</td>
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<tr>
<td>0550</td>
<td>Completion of Improvements w/ survey (T-3)</td>
<td>N/C</td>
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<td>See P-8.a</td>
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# LOAN POLICY ENDORSEMENTS (T-2) (Issued on Residential)

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</tr>
<tr>
<td>8020</td>
<td>Original ICB (T-13)</td>
<td>Min.</td>
<td>R-13.a</td>
<td></td>
<td></td>
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<td>0100</td>
<td>Down Date ICB (T-3)</td>
<td>$50</td>
<td>R-11c</td>
<td>P-9.b(4)</td>
<td>IV</td>
</tr>
<tr>
<td>8021</td>
<td>Extension (T-3)</td>
<td>$25</td>
<td>R-13.a</td>
<td>P-16</td>
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<tr>
<td>0710</td>
<td>Not Yet Due and Payable Tax Amend. (T-3)</td>
<td>$5</td>
<td>R-24</td>
<td>P-20</td>
<td>I</td>
</tr>
<tr>
<td>0700</td>
<td>Tax Deletion/Rollback (T-30)</td>
<td>$20</td>
<td>R-19</td>
<td>P-20</td>
<td></td>
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<tr>
<td>0400</td>
<td>Correction - Other than Policy Amount (T-3)</td>
<td>N/C</td>
<td>(T-3)</td>
<td>Error in Policy Only</td>
<td>IV</td>
</tr>
<tr>
<td>0900</td>
<td>Correction - Policy Amount (T-3)</td>
<td>N/C</td>
<td>N/A</td>
<td>Policy Amt. Error only</td>
<td>IV</td>
</tr>
</tbody>
</table>

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ISSUING POLICIES BEFORE AND AFTER CONSTRUCTION

Lenders and sophisticated purchasers will often request what is known as "mechanics' liens coverage" in connection with a Loan Policy or Owner's Policy. This means the lender and/or purchaser does not want to accept a policy with a general exception as to mechanics' liens. However, Procedural Rule P-8 prohibits giving mechanics' lien coverage in construction transactions. Procedural Rule P-8 provides that in any transaction where the construction of improvements is immediately contemplated, the following a "mechanics' liens exception" and "limitation of liability" clause (OTP) or "pending disbursement" clause (LP) must be inserted in the policy. The "mechanics' lien exception" (a/k/a “P-8 exception”) required by Procedural Rule P-8 is a very broad exception to any and all mechanics' liens related to work or materials placed, or to be placed, on the property. The exception does provide a very limited type of coverage in that it provides affirmative coverage against loss if any mechanics' liens are filed of record prior to the date of the policy. If the lender requests a Mortgagee Title Binder on Interim Construction Loan- T-13 (“ICB”) in lieu of a Loan Policy, there is no mechanics' liens coverage provided in the Binder. See section on Texas Title Insurance Policies in Texas in this Manual for more information on the ICB.

Issuing Policies Before Construction. When the policy is going to include the value of the land and the cost of improvements immediately contemplated to be erected thereupon (or if an ICB is issued), the closing and recording of the construction mortgage must occur prior to the commencement of construction to ensure lien priority over mechanics' liens. If the insured mortgage transaction involves the construction of, or improvements to a homestead, a Mechanic's Lien Contract must be executed by the owner (and spouse) and the contractor prior to the commencement of construction or delivery of materials. If you determine or suspect that construction and/or the delivery of materials have occurred prior to closing and/or prior to the execution of a Mechanic's Lien Contract and the property is a homestead, you should not close and insure the transaction without Regional Underwriting Approval. As stated above, the P-8 requires that the policy must contain the “limitation of liability” clause (Owner's Policy)/"pending disbursement” clause (Loan Policy) and “mechanics’ lien” exception required by Procedural Rule P-8 in the policy. During the course of construction as periodic construction advances are made the lender and/or owner may request down date endorsements to the policy or ICB that extend the date of the policy or ICB, and in the case of an Owner or Loan Policy, will insure against loss if any mechanics' liens other than those shown in the endorsement, are filed of record prior to the date of the endorsement. See Section, Downdate Endorsements in this Manual.

P-8a.  Owner Title Policy

Mechanic's Lien Exception: Any and all liens arising by reason of unpaid bills or claims for work performed or materials furnished in connection with improvements placed, or to be placed, upon the subject land. However, the Company does insure the Insured against loss, if any, sustained by the Insured under this Policy if such liens have been filed with the County Clerk of _________ County, Texas, prior to the date hereof.

Liability: Liability hereunder at the date hereof is limited to $_________. Liability shall increase as contemplated improvements are made, so that any loss payable hereunder shall be limited to said sum plus the amount actually expended by the Insured in improvements at the time the loss occurs. Any expenditures made for improvements, subsequent to the date of this policy, will be deemed made as of the date of this policy. In no event shall the liability of the Company hereunder exceed the face amount of this policy. Nothing contained in this paragraph shall be construed as limiting any exception or any printed provision of this policy.2

P-8b.  Loan Policy

Mechanic’s Lien Exception: Any and all liens arising by reason of unpaid bills or claims for work performed or materials furnished in connection with improvements placed, or to be placed, upon the subject land. However, the Company does insure the Insured against loss, if any, sustained by the Insured under this Policy if such liens have been filed with the County Clerk of _________ County, Texas, prior to the date hereof.

Pending Disbursements: Pending disbursement of the full proceeds of the loan secured by the lien instrument set forth under Schedule A hereof, this policy insures only to the extent of the amount actually disbursed, but increases as each disbursement is made in good faith and without knowledge of any defects in, or objections to, the title up to the face amount of the policy. Nothing contained in this paragraph shall be construed as limiting any exception under Schedule B, or any printed provision of this policy.

2 P-8a.  Owner Title Policy

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Issuing Policies after Construction. Upon completion of the improvements, final disbursement of the construction advances, and satisfactory evidence to the Company that all bills for labor and materials have been paid, the “pending disbursement” clause/”limitation of liability” clause and “mechanics’ liens” exception may be removed from an existing policy through the issuance of a Completion Of Improvements Endorsement (T-3) if underwriting guidelines of the Company are met. Upon issuance of the Completion Of Improvements Endorsement, full mechanics’ liens coverage is then provided to the insured, subject to the terms and conditions of the respective policy. See Section Completion of Improvements Endorsement (T-3) for underwriting requirements. If you are being asked to issue a policy on a sale or mortgage transaction after recently completed improvements, the underwriting guidelines for issuance of a policy are the same as those required for providing mechanics’ liens coverage via the Completion of Improvements Endorsement. Further, if an ICB was issued, the underwriter is not obligated to convert the ICB into a Loan Policy until all improvements have been completed and all bills for labor and materials have been paid and the Company’s underwriting guidelines have been satisfied.
EXPRESS INSURANCE & OTHER AFFIRMATIVE COVERAGE

‘Affirmative Coverage’ as the term is understood in the title insurance industry is a form of title insurance coverage generally not available in Texas except in very limited circumstances. Essentially, an exception to a matter is made in the policy, but then an affirmative statement is made as to the affect of the exception, along with an affirmative statement that the title company will cover a loss. In Texas, the title insurance coverage most analogous to affirmative coverage is “Express Insurance” provided in Procedural Rule P-39. Below is a summary of Express Insurance along with other forms of “affirmative coverage” available in Texas not otherwise provided by endorsement.

Express Insurance- Procedural Rule P-39 allows a title company to provide affirmative insurance against certain title matters not otherwise covered by a promulgated endorsement. The additional coverage is provided by inserting specific language set out in P-39 after the title matter excepted in Schedule B of the policy. In summary, Express Insurance can be provided for 3 types of matters for which the title company considers the risk to be insurable and for matters not otherwise covered by a specific endorsement: encroachments, title defects and liens. The use of Express Insurance for encroachments as provided for in P-39(a) has been essentially eliminated in recent years by the adoption of endorsement forms T-17, T-19, and T-19.1., all which provide affirmative coverage for such matters. If a proposed insured requests affirmative coverage or express insurance for an encroachment, express insurance should not be provided; instead the applicable endorsement should be purchased.

Express insurance for title defects may be provided in accordance with P-39(b). The term ‘title defect’ is not defined in the rule, but may include defects arising from a gap in the chain or title, claim through adverse possession or purported claim to title as evidenced by a lis pendens. If the “title defect” is a matter covered by the T-19, T-19.1, T-19.2 and/or T-19.3, P-39(b) express coverage should not be provided; instead, the applicable endorsement should be purchased.

P-39(c) provides that express insurance may be given against loss arising from enforcement of liens when the title company considers the risk insurable and if the title company complies with P-11 (concerning insuring around). The coverage under P-39(c) can be given for liens that may be foreclosed judicially (e.g., mechanic’s lien affidavit claim) or non-judicially, such as when there is a recorded deed of trust and there is evidence that the lien was paid, but not released of record. See also P-11(b).

Note: P-39(c) express coverage should not be used to provide affirmative insurance regarding a subordinate lien; instead, use P-64 (see below).

Affirmative Coverage for subordinate liens and leases- Per Procedural Rule P-64, if a determination is made that a lien or lease is subordinate to a lien being insured in the Loan Policy, the following affirmative coverage may be provided upon written request from the proposed Insured Lender:

The standard Schedule B.4 exception in the T-2 (“Liens and leases that affect the title to the estate or interest, but that are subordinate to the lien of the insured mortgage.”) may be deleted and replaced with a more specific exception to the lien or lease in Schedule B, with the following verbiage added per P-64:

Company insures the insured against loss, if any, sustained by the insured under the terms of the Policy if this item is not subordinate to the lien of the insured mortgage

Please note that the foregoing provides a summary of the types of affirmative coverage/express insurance available in Texas and is not intended to be exhaustive. Please refer to applicable Underwriting Bulletins or contact Regional Underwriting should you have questions.
1. **Receipt Of Home Equity Lien Documents** - Acknowledgment by the owner that they have received copies of all of the home equity lien documents by the title company.

2. **Closing Authorization- Changes To The Settlement Statement** - A closing authorization form that must be executed by the lender when there have been changes to the figures in the settlement statement after the title company has already provided the owner with the one (1) day advance copy of the settlement statement, and the lender does not want to re-schedule the closing, but the lender acknowledges that the T-42.1 Paragraph 1(l) coverage will be deleted.

3. **Acknowledgment Of Removal Of Agricultural Exemption From Property** - This form must be executed by the owner/borrower when the owner/borrower requests the taxing authorities to remove the Ag Exemption/Designation from the Property to obtain a home equity loan. The owner/borrower confirms that the taxing authority and appraisal district may provide confirmation to the title company regarding the removal of the Ag Exemption/Designation.

4. **Taxing Authority Confirmation Of Removal Of Agricultural Or Open Space Exemption/Designation) From Property** - When the owner/borrower requests the taxing authorities to remove the Ag Exemption/Designation from the Property to obtain a home equity loan, this confirmation form can be executed by each taxing authority to confirm (i) the removal of the Ag Exemption/Designation from the Property; and (ii) the removal is effective for the current tax year; and (iii) no rollback taxes will be due.

5. **Tax Appraisal District Confirmation Of Removal Of Agricultural Or Open Space Exemption/Designation) From Property** - When the owner/borrower requests the confirmation that the appraisal district has removed the Ag Exemption/Designation from the Property to obtain a home equity loan, this confirmation form can be executed by the appraisal form to confirm (i) the removal of the Ag Exemption/Designation from the Property; and (ii) the removal is effective for the current tax year.
RECEIPT OF HOME EQUITY LIEN DOCUMENTS

(*If The Owner Of The Property Is Married, This Form Must Be Signed By The Owner And Spouse)

Date: 
GF File No.: 
Underwriter: 
Lender: 
Property: 

1. The undersigned and spouse, if married, acknowledge receipt of a copy of all documents related to the extension of credit pursuant to Subsection (a)(6) of Section 50, Article XVI, Texas Constitution (“Home Equity Lien”) that were executed in the office of the title company on the date that the Home Equity Lien deed of trust and promissory note were executed.

2. The undersigned and spouse, if married, understand that this acknowledgment is made for the purpose of inducing Underwriter by and through its issuing agent, if any, to issue its Mortgagee Policy of Title Insurance and T-42.1 Supplemental Coverage Equity Loan Mortgage Endorsement, which insures the validity of a Home Equity Lien on the Property in favor of Lender.

3. The undersigned and spouse, if married, understand that Underwriter by and through its issuing agent, if any, are relying upon, and accept as true, the representations made herein. In consideration thereof, the undersigned and spouse, if married, hereby agree to indemnify and hold harmless Underwriter and its issuing agent, if any, from all liability, claims, damages, costs, expenses, and attorney’s fees incurred by reason of the inaccuracy of any of the representations made herein.

Name Printed: 

Name Printed: 
CLOSING AUTHORIZATION- CHANGES TO THE SETTLEMENT STATEMENT  
(Home Equity Loan Transaction-)

Date:  
Title Agent/GF File No.:  
Underwriter:  
Owner:  
Lender:  
Lender Loan No.:  
Property:  

The undersigned Owner and Lender hereby acknowledge that changes have been made to the Settlement Statement after the Owner was provided with a copy of the Settlement Statement prior to closing, a copy of the revised Settlement Statement (“Final Settlement Statement”) being attached hereto.

NOTWITHSTANDING THE LENDER’S CLOSING INSTRUCTIONS TO THE CONTRARY:

(I) OWNER AND LENDER APPROVE THE FINAL SETTLEMENT STATEMENT AND DO NOT REQUIRE THAT THE CLOSING OF THE HOME EQUITY LOAN TRANSACTION BE DELAYED DUE TO CHANGES IN THE SETTLEMENT STATEMENT, AND HEREBY AUTHORIZE UNDERWRITER BY AND THROUGH ITS TITLE AGENT, IF ANY, TO CLOSE/FUND THE HOME EQUITY LOAN TRANSACTION WITHOUT THE NECESSITY OF PROVIDING THE OWNER WITH ANY ADDITIONAL ONE (1) DAY OR TWENTY-FOUR (24) HOUR ADVANCE DISCLOSURE OF THE FINAL SETTLEMENT STATEMENT; AND

(II) LENDER ACKNOWLEDGES AND UNDERSTANDS THAT THE PARAGRAPH 1(I) COVERAGE OF THE SUPPLEMENTAL EQUITY LOAN MORTGAGE ENDORSEMENT (T-42.1) SHALL BE DELETED FROM THE ENDORSEMENT

UNDERWRITER BY AND THROUGH ITS TITLE AGENT, IF ANY, SHALL NOT CLOSE AND FUND THE HOME EQUITY LOAN TRANSACTION UNLESS THIS CLOSING AUTHORIZATION FORM IS SIGNED BY AN AUTHORIZED OFFICER OF THE LENDER.

OWNER:  
____________________________________  
____________________________________  

LENDER:  
By:  
____________________________________  
Name Printed:  
Title:
ACKNOWLEDGMENT OF REMOVAL OF AGRICULTURAL EXEMPTION FROM PROPERTY

[For purposes of a Home Equity Loan (Art. XVI, Section 50(a) (6), Texas Constitution]

Date:
GF No.:
Title Company:
Underwriter:
Owner/Borrower:
Lender:
Property:

The undersigned Owner/Borrower on oath swears that the following statements are true:

1. Owner/Borrower is obtaining an extension of credit under Article XVI, Section 50(a0(6), Texas Constitution (Home Equity Loan) from Lender and hereby represents and acknowledges to Title Company that the Ag Exemption/Designation for ad valorem tax purposes has been removed from the Property for the current tax year.


3. Owner/Borrower authorizes any and all taxing authorities to confirm in writing to Title Company in the form below that the Ag Exemption/Designation has been removed from the Property for the current tax year.

4. When the context requires: (i) the singular shall include the plural; (ii) the plural shall include the singular; and (iii) the use of any gender shall include all genders.

OWNER/BORROWER
________________________________________

OWNER/BORROWER:
________________________________________

STATE OF TEXAS
§

COUNTY OF
§

SWORN TO AND SUBSCRIBED before me on this day of , 20 , by , to certify which witness my hand and seal of office.

My Commission Expires:

________________________________________
Notary Public, State of
TAXING AUTHORITY CONFIRMATION OF REMOVAL OF AGRICULTURAL OR OPEN SPACE EXEMPTION/DESIGNATION) FROM PROPERTY
[For purposes of a Home Equity Loan (Art. XVI, Section 50(a) (6), Texas Constitution]

Date: 
GF No.: 
Title Company: 
Owner/Borrower: 
Lender: 
Taxing Authority: 
Tax Identification Number: 

Property: 

Taxing authority represents and confirms that: (I) the AG and/or OPEN SPACE Exemption/Designation on the Property has been removed for purposes of facilitating a home equity loan for Owner/Borrower, and said removal is effective for the tax year of [ ]; [and (ii) the removal of the AG and/or OPEN SPACE Exemption/Designation on the Property for purposes of facilitating a home equity loan for Owner/Borrower will not trigger or result in an assessment of “roll back” taxes for prior tax years.]

TAXING AUTHORITY

By: ________________________________
Name: 
Title: 

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TAX APPRAISAL DISTRICT CONFIRMATION OF REMOVAL OF AGRICULTURAL OR OPEN SPACE EXEMPTION/DESIGNATION) FROM PROPERTY
[For purposes of a Home Equity Loan  (Art. XVI, Section 50(a) (6), Texas Constitution]

Date:
GF No.:
Title Company:
Owner/Borrower:
Lender:

Tax Appraisal District:
Tax Identification Number:

Property:

Tax Appraisal District hereby confirms that: (i) the Owner/Borrower has requested the removal of the AG and/or OPEN SPACE Exemption/Designation for ad valorem tax purposes to facilitate the making of a Home Equity Loan by Lender to Owner/Borrower, and that (ii) the AG and/or OPEN SPACE Exemption/Designation has been removed from the Property, and said removal is effective for the current tax year of .

TAX APPRAISAL DISTRICT

By: ________________________________
    Name: ________________________________
    Title: ________________________________
RECEIPT OF HOME EQUITY LIEN DOCUMENTS
("If The Owner Of The Property Is Married, This Form Must Be Signed By The Owner And Spouse")

Date: 
GF File No.: 
Underwriter: 
Lender: 
Property: 

1. The undersigned and spouse, if married, acknowledge receipt of a copy of all documents related to the extension of credit pursuant to Subsection (a)(6) of Section 50, Article XVI, Texas Constitution ("Home Equity Lien") that were executed in the office of the title company on the date that the Home Equity Lien deed of trust and promissory note were executed.

2. The undersigned and spouse, if married, understand that this acknowledgment is made for the purpose of inducing Underwriter by and through its issuing agent, if any, to issue its Mortgagee Policy of Title Insurance and T-42.1 Supplemental Coverage Equity Loan Mortgage Endorsement, which insures the validity of a Home Equity Lien on the Property in favor of Lender.

3. The undersigned and spouse, if married, understand that Underwriter by and through its issuing agent, if any, are relying upon, and accept as true, the representations made herein. In consideration thereof, the undersigned and spouse, if married, hereby agree to indemnify and hold harmless Underwriter and its issuing agent, if any, from all liability, claims, damages, costs, expenses, and attorney’s fees incurred by reason of the inaccuracy of any of the representations made herein.

Name Printed: 

Name Printed:
SPECIMEN/SAMPLE FORMS FOR USE WITH LEASEHOLD POLICIES
LESSOR'S ESTOPPEL CERTIFICATE AND CONSENT AFFIDAVIT

Date:
File No:
Escrow Agent:
Underwriter:
Lessor:
Lessee:
Affiant:
Property:

Affiant, being duly sworn, on oath affirms that the following statements are true:

1. □ Individual. I am the Lessor of the above described Property.
   □ Entity. I am the ____________________________ (title) of Lessor, a ____________________________ (type of entity), and I am authorized to make this affidavit on its behalf. Said Entity is the Lessor of the above described Property.

2. Lessee is the tenant of the Property under a written lease dated ____________ by and between Lessor and [Lessee] [_____________________] (the “Lease”). The Lease has not been modified since that date except:__________________________.

3. As of the date of this affidavit, the above referenced Lease is in full force and effect, and neither Lessee nor Lessor is in default in the performance of the Lease. Nor has Lessee or Lessor committed any breach of the Lease.

4. □ Consent to Assignment of Lease, if applicable. Lessor hereby consents to the assignment of the Lease to ____________________________ (lease assignee), on ________________.
   □ Consent to Sublease, if applicable. Lessor hereby consents to the sublease of the above noted lease to ____________________________ (sublessee), on ____________________________.

6. These representations are made to induce Escrow Agent and Underwriter to issue their policies of title insurance on the Property and Affiant acknowledged that all parties are relying upon the truth of these statements. In consideration thereof, Affiant (and Lessor if Lessor is an entity) hereby agrees to indemnify and hold harmless Escrow Agent and Underwriter from any claims, costs, damages, causes of action, expenses and attorney’s fees in any way arising from the inaccuracy of the above representations.

AFFIANT:

Name printed: __________________________

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JURAT

State of ______________________
County of ____________________

Sworn to and subscribed before me on ________________, by ____________________.

(date) (name of acknowledging person)

[Personalized Seal] (Notary Public's Signature)
SAMPLE

LESSEE'S ESTOPPEL CERTIFICATE

Date:
File No:
Escrow Agent:
Underwriter:
Lessor:
Lessee:
Affiant:
Property:

Affiant, being duly sworn, on oath affirms that the following statements are true:

1. [ ] Individual. I am the Lessee of the above described Property.
[ ] Entity. I am the ______________________________ (title) of Lessee, a ______________________________ (type of entity), and I am authorized to make this affidavit on its behalf. Said Entity is the Lessee of the above described Property.

2. Lessee is the tenant of the Property under a written lease dated ______ by and between Lessor and [Lessee] [___] (the “Lease”). The Lease has not been modified since that date except: ______________________________.

3. As of the date of this affidavit, the above referenced Lease is in full force and effect, and neither Lessee nor Lessor is in default in the performance of the Lease. Nor has Lessee or Lessor committed any breach of the Lease.

4. These representations are made to induce Escrow Agent and Underwriter to issue their policies of title insurance on the Property and Affiant acknowledged that all parties are relying upon the truth of these statements. In consideration thereof, Affiant (and Lessee if Lessee is an entity) hereby agrees to indemnify and hold harmless Escrow Agent and Underwriter from any claims, costs, damages, causes of action, expenses and attorney's fees in any way arising from the inaccuracy of the above representations.

AFFIANT: ______________________________
Name printed: ______________________________

AFFIANT: ______________________________
Name printed: ______________________________
JURAT

State of _______________________
County of _______________________

Sworn to and subscribed before me on _______________________, by _______________________.

(date) (name of acknowledging person)

[Personalized Seal] (Notary Public’s Signature)